

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

U.S. bankers hustle
for rich merger
business, Page 14

NEWS SUMMARY

GENERAL

UK acts against lead in petrol

The UK Government has accepted a recommendation that all leaded petrol should be phased out by 1985. The move would mean that leaded petrol would be sold in the UK at a price 10p higher than unleaded petrol. The Government has also agreed to fund the cost of the switch to unleaded petrol.

Border death plea

Chancellor Helmut Kohl has asked for an investigation into the death of a West German being questioned by East German border guards.

Walesa released

Polish police released former Solidarity leader Lech Walesa after detaining him long enough to prevent him from reaching Warsaw to lay a wreath to commemorate the 40th anniversary of the ghetto uprising.

Nato optimism

Nato supreme commander in Europe General Bernard Rogers said in Paris that he believed that in any conflict between Nato and Warsaw Pact forces France would join its allies early in defending Western Europe.

Agents killed

Chinese militia killed four Vietnamese "secret agents" who crossed the border on Sunday, said Peking radio.

In Canberra, Chinese Premier Zhao Ziyang attacked Vietnam and the Soviet Union, Page 4

Prem asked to stay

Thai Social Action Party leader Kukrit Pramoj, who has campaigned against military rule, called on Premier General Prem Tinsulanonda to continue in office, whatever the result of yesterday's general election. Page 4

Peace summit call

Dr Robert Runcie, Archbishop of Canterbury and leader of the Anglican communion, said in Christchurch, New Zealand, that he was organising a peace summit for world religious leaders.

Oil risk growing

An Iranian oil executive said 20,000 barrels a day were burning in the Nowruz offshore field, and if experts could not be brought in to cap the wells pipes would melt and ten times as much oil would flow into the Gulf.

Hijacker jailed

Polish security guard Piotr Winiogrodzki, 22, was jailed the minimum five years in West Berlin for hijacking a Polish aircraft to a U.S. air base there.

Bonn torture trial

A Libyan doctor and student went on trial in Bonn accused of detaining and torturing two North Africans opposed to the Gaddafi regime.

Briefly

Thugs, South Korea: Fire killed at least 25 in two nightclubs. Gold bars worth about \$500,000 disappeared on a Montevideo-Copenhagen flight. Methodist Minister Cedric Mayson, on bail in treason trial, has fled for his native Britain, said a South African judge.

BUSINESS

U.S. must intervene on rates - Volcker

U.S. FEDERAL Reserve Board chairman Paul Volcker went against the Reagan Administration's economic approach by calling for U.S. intervention to stabilise exchange rates. Page 6

STERLING continued its recovery, gaining 1.35c to \$1.5615, and rising to DM 3.8425 (DM 3.7775), FF 11.51 (FF 11.315), SwFr 3.215 (SwFr 3.185) and Y371.75 (Y368). Its Bank of England trade-weighted index rose from 82.9 to 83.8. In New York, sterling closed at \$1.5618.

DOLLAR rose to DM 2.4355 (DM 2.4385), FF 7.3725 (FF 7.3125), SwFr 2.635 (SwFr 2.625) and Y371.75 (Y371.75). Its trade-weighted index rose from 122.5 to 122.8. In New York, the dollar closed at DM 2.4355; FF 7.3725; SwFr 2.635; and Y371.75.

GOLD rose \$6 in London to close at \$415. It closed at \$415 in Frankfurt and \$425 in Zurich. In New York, the Comex April settlement was \$415.00 (\$417.4). Page 33

TIN prices dropped sharply in London, with the three-month standard grade quotation \$250 lower at \$562.5 (\$538.05) a tonne. Page 33

LONDON: FT Industrial Ordinary index ended 0.5 to 895. Page 29. FT Share Information Service, Pages 34, 35

WALL STREET: Dow Jones index rose 11.99 to 1,183.24. Page 29. Full share listings, Pages 36-37

TOKYO: Nikkei Dow index rose 39.37 to 8,922.25, and the Stock Exchange index was 2.47 up at 821.01. Page 29. Leading prices, Page 32

FRANKFURT: Commerzbank index rose 3.4 to 93.4, a 22-year high. Page 29. Leading prices, Page 32

CONSUMER PRICE inflation in Western industrialised countries averaged 5.7 per cent in the year to February, its lowest for 10 years, said OECD.

AUSTRALIA's recorded inflow of private capital totalled \$484m (\$787m) last month, compared with the February pre-devaluation outflow of \$550m. Page 4

WORLD BANK President A. W. Clausen said the U.S. wanted a small cut in its share of contributions to the International Development Agency, which helps poor countries.

KUWAIT plans to increase spending by about 4 per cent in the year beginning July 1, despite falling oil revenue.

CHASE MANHATTAN, third largest U.S. bank, reported first-quarter income 18 per cent down at \$10m, contrasting with the upward trend among most competitors. Page 16

SEAFIRST, U.S. West Coast banking group hit by heavy losses on emergency lending, is having talks that could lead to a substantial capital injection. Page 17

RHONE-POULENC, the nationalised French chemicals group, doubled its overall loss to FF 844m (\$115.7m) last year despite a big increase in operating profit. Page 17

JOHN BROWN Engineering of UK has won a £50m (\$64m) order to supply Thyssen Steel of West Germany with a complete power station. Page 8

AKZO, Dutch chemicals group, is to close its Enka fibres subsidiary's plant at Conestee, West Germany, by mid-1984 and reorganise its U.S. operations. Page 17

HOOVER CORPORATION chairman Sir Keith Campbell, who took a leading part in Australia's economic summit last week, died, aged 55.

Sterling and dollar strengthen against D-Mark

BY JEREMY STONE IN LONDON

STERLING's recovery on the foreign exchange markets made another leap forward yesterday, when the pound closed in London at its highest effective level since the beginning of the year.

The Bank of England's trade-weighted index, which measures the effective value of sterling against a basket of currencies, closed 0.8 higher at 83.8 (1975 = 100).

Sterling recovered 1.35 cents against the dollar, to close in London at \$1.5615 - the highest closing level since January 21. At the same time, both currencies gained heavily at the expense of the D-Mark.

Funds which were invested in Germany last month (ahead of the expected realignment in the European Monetary System) have now been flowing out again. Yesterday this outflow added 0.5 pence to

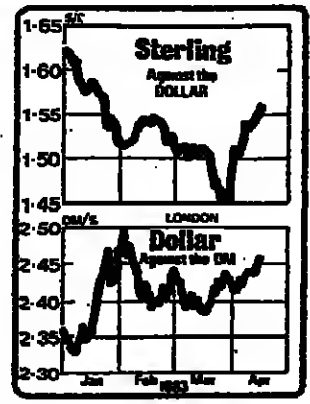
the C/D exchange rate, and put 2.1 pence on the dollar; sterling closed in London at DM 3.8425 and the dollar at DM 2.4355.

Otherwise, the markets were short of specific news on which to take positions, although what news there was favoured sterling. Weekend press stories raised hopes of an early election - assumed likely to be won by Mrs Margaret Thatcher - and there were helpful statements

that the oil-producing countries seemed to be sticking to their recent price agreement.

Not for the first time in recent weeks, the biggest swings in exchange rates came in the last hour of trading in London. Sterling, which had been slowly losing ground to the dollar during the afternoon, moved ahead suddenly by more than half a cent.

The International Monetary Market in Chicago as the main reason for the jump. Others thought that the weight of buying was probably from London banks, buying pounds to get their books straight at the end of a day when they had mainly been happier to get into dollars - thinking that sterling would be cheaper later on.



FORTY PEOPLE FEARED DEAD

U.S. to press peace effort despite bombing of Beirut embassy

BY ANATOLE KALETSKY IN WASHINGTON AND NORA BOUSTANY

The U.S. will continue its peace efforts in the Middle East despite yesterday's "vicious and cowardly" bombing of the U.S. embassy in Beirut, President Ronald Reagan declared in Washington last night.

The seven-storey sea-front building went up in flames and a column of dark smoke when the lunchtime explosion wrecked its entire facade and devastated much of its eastern wing.

State-run Lebanese television put the number of dead at 40, with 100 wounded. Six U.S. Marines and two U.S. Army soldiers were reported among the dead, but President Reagan said it had not been determined how many Americans had been killed.

Responsibility for the blast was said to have been claimed by a group called Jihad al-Islami (Muslim Holy War), which telephoned a Beirut newspaper. It is believed to be a pro-Iranian faction that has attacked on French, Italian and U.S. contingents of the multinational peacekeeping force in Lebanon.

Yesterday's blast followed two attacks against French soldiers and U.S. Marines on Sunday night. France, Italy and the U.S. joined in the U.S. condemnation of yesterday's attack.

Although the Beirut embassy has been attacked by rockets at least twice in recent years, and been mobbed by pro-Iranian demonstrators, this was the first attack of such dimensions against U.S. interests in Lebanon. Before last year's Israeli siege of Beirut the embassy was believed to be under the protection of the Palestine Liberation Organisation.



bombard, and Mr Morris Draper, President Reagan's special envoy, rushed to the embassy to supervise rescue operations. They were later joined by Mr Amin Gemayel, Lebanon's president, who ordered his joint chief of staff to help organise the rescue effort.

Marines were seen carrying away several diplomatic pouches found on the ground floor of the embassy. Fire brigade crews went to the back of building, setting up ladders to bring down employees and staff screaming for help at the top floors.

Red Cross, Red Crescent, civil defence and multi-national force ambulances rushed to the site, where plumes of smoke concealed most of floors.

In May last year a bomb-rigged car similar to the one used in yesterday's attack exploded at the French embassy in Beirut, killing 11 people and injuring 22 others. In September 1981, the French ambassador to Lebanon, Louis Delamare, was assassinated in Beirut.

In 1979 the then U.S. ambassador in Lebanon, Mr Francis Meloy, and an economic counsellor were wounded. Shards of glass, bits of blood-drenched clothing and hot metal were scattered over a radius of several hundred yards and the embassy was totally blocked by a mound of metal and slabs of concrete.

Israelis protest at West Bank ceremony, Page 4

General Mills sells Tom's to Rowntree

BY CHARLES BATCHELOR IN LONDON

ROWNTREE MACKINTOSH, the British confectionery group, has bought Tom's Foods, a U.S. crisps and snack foods manufacturer, from General Mills for £140m (\$211m) in cash. The move marks a long awaited expansion programme in the U.S. for the British group whose products include Arrow brand biscuits and Smarties.

Tom's, which is based in Columbus, Georgia, made pre-tax profits of about \$24m on sales of \$200m in the year ended May 30 1982. It employs 2,400 people at seven factories and distributes throughout the southern U.S., where it has about 8 per cent of the market.

This deal, which has been agreed in principle with General Mills, represents the largest acquisition ever by Rowntree and marks a substantial expansion of its snack food activities. Non-confectionery sales will rise from below 10 to 20 per cent of the group total.

"This will give it a better geographical spread of sales and trading profit," said Mr Kenneth Dixon, Rowntree chairman. "In 1982 we made 50 per cent of sales and 60 per cent of profits in the U.K. After this purchase, UK sales will fall to 40 per cent and profits to 48 per cent. This represents an important shift in the balance."

North American trading profits and sales both accounted for 8 per cent of group totals in 1982 but will now rise to 25-30 per cent each.

General Mills has decided to sell, according to Rowntree, because Tom's products, which go to small and medium-sized stores and vending machines, do not fit in with the U.S. group's other products which go into large supermarkets.

"The purchase price represents a reasonable multiple on the figures we have," said Mr Dixon. "It will wash its face in terms of the trading profits covering financing costs."

Despite its strong balance sheet and liquid cash position, Rowntree will raise medium-term bank loans in the U.S. and Britain to fund the deal.

Tom's was established in 1925, and has been part of General Mills for 17 years. Sales have risen from \$120m and profits from \$15m over the past five years.

Rowntree's move into the U.S. comes 14 years after it narrowly escaped being taken over by a U.S. company. General Foods Corporation bid £37m for Rowntree in 1969 but the British company merged with Mackintosh to foil the bid.

Charter sells stake in RTZ for £51m

By Kenneth Marston, Mining Editor in London

CHARTER Consolidated, the UK-based industrial and mining group, sold 9.1m shares of Rio Tinto-Zinc in the London stock market yesterday for £51m (\$78.5m).

This follows a sale of 1.1m RTZ shares by Charter earlier in the year for £10m and disposes completely of the group's 4 per cent holding in the international mining and industrial major.

The latest sale was made at an average price of 56p and comes hard on the heels of RTZ's unexpectedly strong results for the second half of 1982, which lifted the shares to a high of 61p. After news of the Charter sale, the price of RTZ dropped back to 56p before closing 16p down at 50p.

Charter says it will use the proceeds - put at not less than £38.6m after tax - to reduce borrowings and finance new investment by companies of the Charter group. It will mean a loss of dividend income from RTZ which amounted to £2.33m in the year to March 31.

The disposal is not seen as a reflection on the outlook for RTZ, but fits in with Charter's policy of increasing its direct interests in industry and mining.

Mining, Page 24

Continued on Page 16

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EUROPEAN NEWS

EEC 'LOSING CONTROL' OF AGRICULTURE SUPPORT COSTS

Brussels warns on farm spending

BY LARRY KLINGER IN BRUSSELS

THE European Commission yesterday confirmed that farm support spending was in danger of running out of control—at more than a third above last year. It called on Community agricultural ministers to approve speedily its proposals for a "prudent" 4.5 per cent increase in guaranteed farm prices for 1983-84.

Ministers, who last night began their marathon negotiations to fix price levels for the new marketing year, were told that there was no room for them to add their customary 1 to 1.5 percentage points to the Commission's proposals.

Advances from this year's \$8.5bn agriculture budget were already running at around

\$800m above expectation for the first five months of this year, said the Commission. Since an extra \$210m would in any case be needed to finance its current price proposals, a minimum supplementary 1983 EEC budget of \$900m to \$1.2bn might be needed.

Mr Peter Walker, Britain's Agriculture Minister, said last night that as the Commission's current budgetary forecast was worse than when its original price proposals were made in December, they should now be reduced.

Significantly, he did not rule out that Britain might accept an agreement based closely on the Commission's existing proposals.

"But a deal will be quite difficult to get."

A majority of the member states, especially France and Ireland, seemed intent on further increase, and demands for a substantial revaluation of West Germany's agriculture currency are anathema to Bonn.

The ministers broke off their formal negotiations to continue bilateral talks last night and again this morning. If these talks prove successful, Herr Ignaz Keschke, the West German minister and chairman of the council, is expected to put forward a compromise this afternoon.

Only Britain, West Germany and the Netherlands appear to resist calling for any increase in the Commission's proposals. Mr Walker stoutly maintained his support for demands for the EEC's consumer organisations for a virtual freeze on products in structural surplus, such as milk, cereals, sugar, wine and olive oil.

Most states have yet to commit themselves, however. Only Ireland seems to back the EEC farming organisations' demands for a full 7 per cent rise.

West Germany and the Netherlands are being asked to revalue their "green currencies" applied to agriculture trade. This would reduce substantially any eventual price rise to their farmers and even produce a negative increase for some West German products.

Yugoslavia gets further \$600m from banks

By David Suchet, Staff Europe Correspondent, in Budapest

COMMERCIAL BANKS meeting in Zurich over the weekend have agreed to lend Yugoslavia \$600m in new cash by the end of June, as well as rolling over existing loans.

This completes one of the most complex rescue packages in recent years which also involves the International Monetary Fund, the Bank for International Settlements and 15 Western governments, all of which answered Yugoslavia's plea to help it avoid formal default on servicing its \$180m debt.

The IMF has played a key role in organising the contribution by more than 500 commercial banks, which was finally agreed at the Zurich meeting. The banks will also roll over all the medium and long-term loan payments which Yugoslavia owes this year into a six-year period. They have also agreed to extend all short-term loan payments due in 1983 for two more years.

Other contributions take the form of the remaining \$600m tranche from an IMF standby credit, a bridging loan from the BIS and, most unusually, a \$150m cash and extended trade credit from western governments.

Rogers says France would join quickly in defending Europe

BY DAVID HOUSEGO IN PARIS

GEN BERNARD ROGERS, Supreme Commander of Nato forces in Europe, has expressed the belief that in the event of a conflict between Nato and Warsaw Pact forces, France would join its allies early on in the defence of Western Europe.

Gen Rogers's remarks, made at a Press lunch in Paris, go as far as any public comments to date in tacitly confirming the extended role being given to French forces beyond the defence of French territory.

They underline the long-term evolution in French defence thinking—reflected in President Mitterrand's address to the Bundestag in January—towards greater co-operation over European security and towards closer collaboration with West Germany.

French officials were embarrassed by Gen Rogers's remarks. One commented later: "The General is not a diplomat." Orthodox French defence doctrine since Gen de Gaulle's day has been that there would be no automatic commitment of French forces in the event of a European conflict, that France would not take part in a forward battle in West Germany, and that French troops must be concentrated for the defence of the nation's territory.

But French officials recognise that in present circumstances such a concept has limited value.

Gen Rogers's remarks come in a week when the French Cabinet is due to announce details of a five-year military budget.

This has been the subject of agonising reappraisal in recent weeks because of the necessity of cuts because of France's strained financial resources. But the military spending programme, expected to be announced tomorrow, will give a more precise idea of how far France can go in modernising its armed forces and what in practice will be available for supplementing West German and European security.

Gen Rogers said that if there was a conflict between Nato and Warsaw Pact forces, he "personally" believed that France would take a decision early on to join its forces with those of West Europe.

Answering questions, he confirmed that French participation could take the form of the mobilisation of the French First Army which is stationed in West Germany as a reserve force of Nato or of French mobile troops being committed to the "forward battle" in a European conflict.

Banks urge Bonn to reduce borrowing

By Jonathan Carr in Bonn

WEST GERMAN bankers have urged the new government coalition to back up its promises with quick, concrete action to cut state borrowing and promote economic growth.

At a Bonn news conference yesterday, the Federation of German Banks (BDB) stressed that the centre-right alliance had a chance to set a new course in economic and financial policy.

The key task was to agree on a leading medium-term concept to reduce the state's borrowing by cuts in spending—not through raising taxes. Only through more private investment, concentrated by a cut in the tax burden of enterprises, could economic growth be secured and were jobs created the federation said.

A note of concern is evident in the fact that the statement from the banks and its general declaration from private industry since the general election on March 6.

Much of the private sector welcomed the election victory of the centre-right, but felt that the substantial policy accord reached between the coalition partners pointed in the right direction.

Among other things, the coalition agreed to hold next year's net government borrowing requirement below 40bn (DM100bn) (down from 45 per cent of GDP) while giving further tax and other incentives to business.

However, the coalition parties have yet to pin down just how this is going to be done. The four in business is that the focus is taken to wage debate, the more likely it is that the initial surge of confidence in the Government will fade.

In its statement yesterday, the federation said there were good prospects that the economy could emerge from three years of stagnation and recession. The country's current account was back in surplus and both inflation and interest rates were falling. On the other hand there was no cause for euphoria—far company earnings were still poor.

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Cockerill faces imposition of pay controls

BY OUR BRUSSELS STAFF

THE BELGIAN Government is poised to intervene in the restructuring of Cockerill-Sambre, the troubled steel group, by imposing a special programme of wage austerity.

Action is expected in June, officials said yesterday. By that time the centre-right coalition of Mr Wilfried Martens will have won parliamentary approval for the use of special powers to regulate the economy. The Cabinet decided on the nature of these powers last Friday.

The Government will also have received the first report on the future of Cockerill from M Jean Gandois, the French expert commissioned to advise on the adaptation of the group to the lower steel demand expected in the next few years.

Although its special powers do not give the Government the right to cut the Cockerill workforce, it can regulate wage levels, overriding labour agreements, provided the guaranteed national monthly minimum wages are not breached.

This will be the tactic used to force change at Cockerill, officials said. Employees would thus be encouraged to leave.

The precise nature of the cuts necessary to bring the workforce down to the level needed economically to cope with production quotas set by the EEC has not been specified. But officials speculated that the Cockerill report would probably call for a halving of the workforce to about 16,000.

Cockerill is expected to have

operational losses this year of at least Bfr 6.6bn and to need official support of at least Bfr 3bn (\$40m).

Radical intervention of the type contemplated by the Government will have wide-ranging political repercussions, causing great upset in the French-speaking part of Belgium. The Cockerill issue is among those encouraging the Government to develop central of key industries to regional executives based on linguistic groups.

Seveso trial opens amid doubt about waste

BY RUPERT CORNWELL IN ROME

THE TRIAL of those held responsible for the Seveso dioxin poisoning disaster seven years ago began in Monza yesterday—in the absence of the five defendants, but amid continuing controversy over the final destination of 41 barrels of contaminated waste from the Swiss-owned Icmesa plant.

The five accused, four of whom are Swiss citizens, are the chairman, general manager and technical director of the factory itself, its designer, and the technical director of Givaudan, the subsidiary of the Swiss pharmaceuticals and chemicals concern Hoffman La Roche,

which operated the Icmesa plant at Meda, six miles north of Milan.

Originally the accused numbered 12. But in the period since the explosion at Icmesa on July 18, 1976, less serious charges have been dropped against six of them. Another, Paolo Paoletti, Icmesa's production manager, was murdered by leaving terrorists in February 1980.

The charges are of causing a disaster, failure to enforce adequate safety provisions and bringing about severe physical damage to inhabitants at Seveso, the small village near Meda where the contaminated cloud of dioxin, or TCDD, was blown by the wind after the accident. If convicted, the five could face prison sentences of from one to ten years.

The trial is likely to be lengthy, particularly if an out of court settlement is not reached between Givaudan and other private plaintiffs. One of these, the municipality of Seveso, has initiated two separate proceedings in Switzerland against Givaudan, seeking Swfr 100m (\$50m) in damages.

In the meantime, as mystery continues to surround the whereabouts of the 41 barrels of waste, Sig Loris Fortuna, the Italian Minister of the Environment, has summoned representatives of Icmesa and Mannesmann Italia, the company contracted to dispose of it, to a meeting here on Thursday.

This follows criticism of Italy, voiced in both France and Germany, of its lax controls in allowing the dangerous waste to be exported from the country in obscure circumstances. While both West and East Germany have been mentioned as possible destinations for the 41 barrels, other reports here suggest they may have been disposed of in the Atlantic.

Chinese-Dutch relations hit by Taiwan air-link

By Walter Ellis in Amsterdam

A CONTROVERSIAL air link between Taiwan and the Netherlands, and fresh moves in the long-running saga over Dutch-built submarines for the Taiwanese navy, have brought Sino-Dutch relations to their lowest point since January 1981.

The Chinese, who reduced their diplomatic relations in The Hague to chargé d'affaires level in 1981 in protest against the submarine deal, have protested vehemently about the new air service and are concerned as well about the possibility that Taiwan might provide substantial new funds to ensure the completion of its submarines.

Last-ditch bid for accord at Madrid conference

BY DAVID WHITE IN MADRID

THE 35-nation Conference on Security and Co-operation in Europe meets in Madrid today for the sixth time in what is billed as a make-or-break session. It has dragged on now for two years and five months.

The conference, to review and carry forward the 1975 Helsinki Agreements, now hinges on the changes which Nato members seek to make to a revised draft document put forward by neutral and non-aligned states last month.

Falling an agreement on the document the conference appears condemned to close with a virtual admission of failure. Agreement would allow the process initiated at Helsinki to continue with a disarmament conference proposed for Stockholm in November. This would be devoted initially to military confidence-building measures.

The document, designed as a compromise between the neutrals' original proposal and the human rights amendments demanded by Western requirements on issues such as minor rights, religious freedom and journalistic access.

It omits claims about jamming radio stations or recognition of the right to strike. While calling for improved conditions for journalists, it also avoids the issue of expulsions. It also fails to record Western protests at the conference following the Campdavid in Poland.

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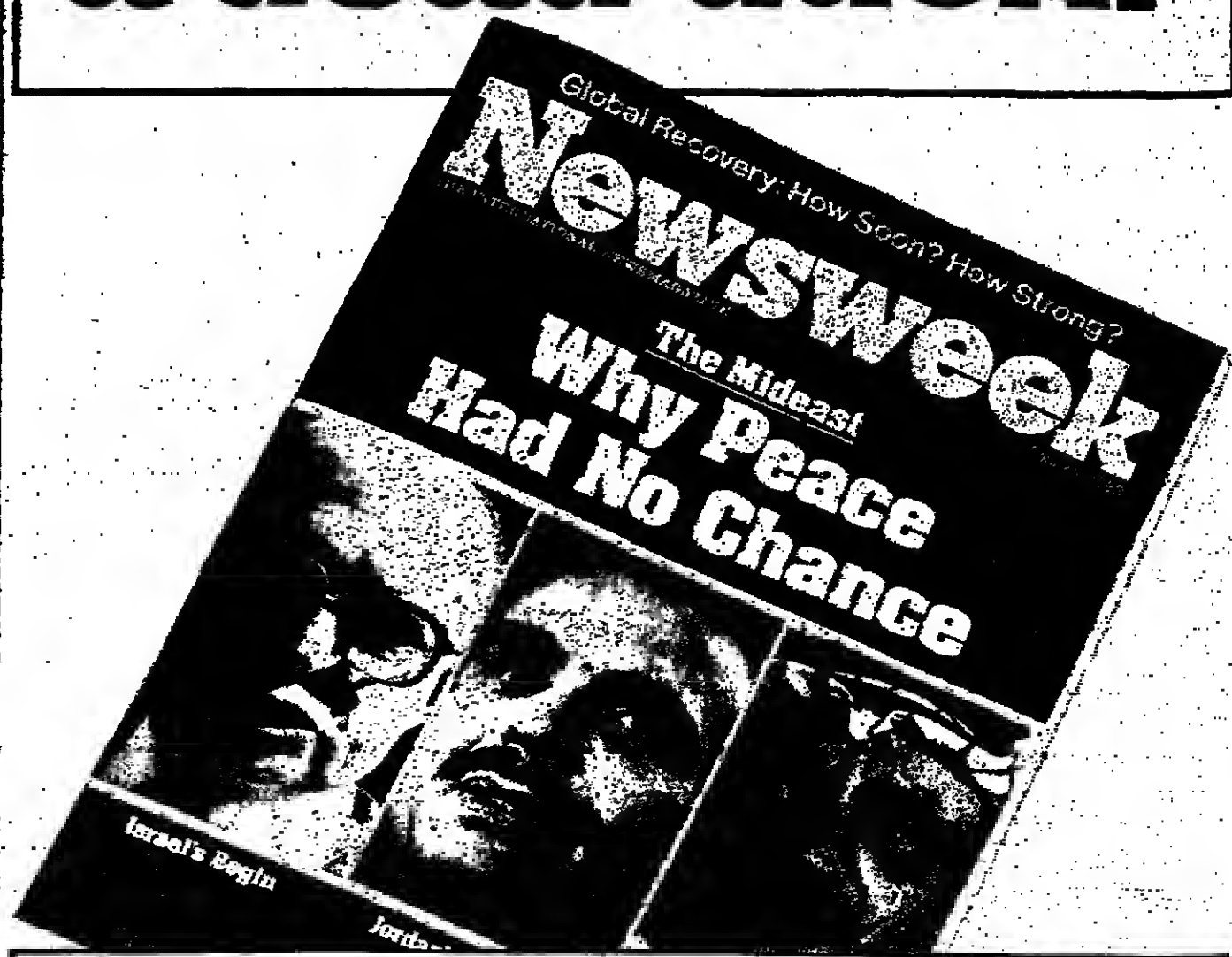
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EUROPEAN NEWS

Despite the U.S. missiles issue and a conservative Chancellor, Jonathan Carr, in Bonn, detects a new mood in across the border relations

Why East and West Germany may be getting on better than ever

WITH A NEW government of the Centre-right in power in Bonn, this might seem an odd time to be talking about prospects for closer ties between the two German states.

After all, the Communist East Germans were highly critical of Chancellor Helmut Kohl's Christian Democrats (CDU) during the campaign for last month's general election and the new Bonn Minister for Inner German Affairs, Herr Heinrich Windelen, is reputed to be something of a hardliner on relations with the East.

Further, by the end of the year deployment of new U.S. nuclear missiles may well begin in the Federal Republic—bringing fresh tension between East and West. In general and between the two parts of Germany in particular.

It is thus worth taking notice in this seemingly grim context when a senior West German Government official says he feels any worsening of inter-German ties over the missiles issue would be only temporary, and that in the longer run the two parts of Germany are bound to co-operate because this corresponds to deep-seated interests and desires on both sides of the border.

The official, who is in an unusually good position to judge the situation in both German states, deliberately avoided talking about German "reunification"



Chancellor Kohl (right), taking East-West relations beyond his predecessor, Herr Schmidt (left).

in the sense of a single step which would sweep away the post-war division of the country. But he did believe there were better chances of gradual moves towards greater unity among Germans than many people seemed to imagine.

The comments came at a conference last week organised by the private Aspen Institute, which is based in West Berlin and has been a vocal proponent of German reunification since its inception.

These remarks were heard with marked interest and aroused

the point, one young West German at the conference bluntly said he felt more attracted by the country's Western neighbours than by the other German state. Nods of understanding greeted this remark.

On the other hand, the West German official warned it was easy to misjudge the German situation by talking in slogans about the state, rather than in detail about the people. If asked, most West Germans would agree that East Germany was an "unjust state" and that they felt no sympathy for it. But if asked whether they felt a sense of solidarity for those Germans who lived on the other side of the border, in circumstances they had not chosen and heavily disliked, most would probably agree to that too.

The official did not claim that all Germans felt part of the same "Fatherland" (although this word is regularly used by Chancellor Kohl, as it was not by his predecessor, Herr Helmut Schmidt). But he did believe there was a sense of German identity—even though this was hard to define—surviving the division of the country.

Over and above this sense of German identity, the official believed that most East Germans (including many in the Communist Party and the Government) felt themselves to be a

Kohl demands border death inquiry

THE DEATH of a West German traveller while being questioned by East German border guards has brought a personal demand for an investigation from Chancellor Helmut Kohl to President Erich Honecker, writes Jonathan Carr.

He made the demand in a telephone call yesterday, after lower-level East German officials had failed to give an explanation satisfactory to Bonn. Herr Honecker has promised a speedy examination.

In the meantime, Herr Kohl

has decided against going ahead with a planned meeting with Herr Guenter Mittag, a high-level East German economic expert, who is visiting Bonn.

According to the East German side, Herr Rudolf Burkert, of Ascendorf, West Germany, died of heart failure while under questioning on April 10 at a crossing point between East Germany and West Berlin.

Examination of the body in West Germany, however, showed several head injuries. Doctors felt any one injury

might have been caused by a fall—but not all of them.

Despite the seriousness with which Bonn is viewing the affair, the Government is making clear that it is not putting relations with East Germany on ice altogether. Herr Mittag yesterday discussed increased economic co-operation with Count Otto Lambsdorff, the Economics Minister. Government officials said preparations were also continuing for a visit here, probably later this year, by Herr Honecker.

over private visits to and from the East.

The West German official took the argument a step further, indicating that the Federal Republic had an interest in seeing that the other German state was not drawn too deeply into the crisis of the Comecon system. The implication was that there was a protective element about West Germany's role—that economic and scientific co-operation was a kind of lifeline connecting East Germany to the West, and to other Germans.

As often happens, the conference raised as many questions as it clarified (about Bonn's role in the West as well as about inter-German ties). But many participants left with the feeling that development of relations between the two Germanys was much more than a function of the "Ostpolitik" of the previous coalition in Bonn. The process seemed to have gained a momentum of its own—even if the movement was often so slow as to be almost imperceptible.

The conference, entitled "Where is Germany Heading?" was attended by government officials and diplomats, politicians, academics and media representatives.

Hungary sure about World Bank loans

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

A SENIOR Hungarian central banker said yesterday he was "deeply convinced" that the Reagan Administration would not press its doubts about his country's eligibility for World Bank loans to the point of trying to block them.

Mr Janos Fekete, first deputy vice-president of the national bank, said he told Administration officials in Washington earlier this month that Hungary would accept a general change in how the World Bank's 146 member countries borrow. Until then, however, Hungary has the full support of the Bank's staff and other member countries in seeking World Bank loans. He believed they would be approved in June.

At issue is whether Hungary, which joined the World Bank last year, is poor enough to borrow from it. A borrowing country must show a per capita income of less than \$2,500.

The World Bank sets Hungary's income per head at just over \$2,000. U.S. Administration officials have suggested its real level is double that, arguing in part that Communist definitions of national income do not include services, which are expanding in Hungary.

The Administration has raised the Hungarian issue, ostensibly out of its general concern that underserving rich countries are drawing on the World Bank, to which the U.S. is the largest

contributor. But the Administration also appears embarrassed at the possibility of bank loans being made to Communist countries, at a time when it is trying to squeeze more funds from Congress for the World Bank.

Mr Fekete said that the U.S. calculation of Hungary's income seemed based on an outdated exchange rate. He also noted that a lowering in the World Bank eligibility ceiling could jeopardise lending to countries such as Brazil and Yugoslavia, and this would run counter to U.S. interests.

Hungary hopes to obtain approval in June for two loans totalling \$250m, for grain production and energy saving. It is also discussing two more loans with the Bank—for export promotion and deep oil drilling.

Denial of these loans would change materially Hungary's prospects, Mr Fekete said. But the country's 1983 financing requirements and debt servicing burden of some \$1.7bn, owed this year in principal and interest, would be largely assured by a \$400m standby credit drawing from the International Monetary Fund, commercial borrowing and progress towards a \$600m current account surplus.

A \$200m credit led by Deutschebank was signed here yesterday and Mr Fekete said that Hungary had borrowed around \$100m from Arab and other banks in the first quarter of this year.

New orders to Swedish industry up 3%

By David Brown in Stockholm
SWEDISH INDUSTRY took 3 per cent more orders between December and February than over the previous three months, according to seasonally-adjusted official figures. Orders in February were up 7 per cent on January. Export orders climbed 9 per cent and domestic orders by 6 per cent.

The industrial production index fell 0.7 per cent in February compared with the previous month, but rose by 0.5 per cent against the same month last year. Industrial production grew 2 per cent from December to January, up 4 per cent against January 1982. Higher production is forecast this spring on the basis of the latest order volume results.

Higher exports are a key element of the government's recovery plan. His government devalued the krona by 16 per cent last October to give exporters a competitive boost.

Deaths on road increase at slower pace

By John Wicks in Zurich
ROAD DEATHS are no longer growing at the same rate as the increase in motor vehicles, according to a long-term study by Swiss Reinsurance Company. The number of fatalities per 10,000 motor vehicles registered dropped substantially between 1970 and 1981. Since 1973 they have declined without interruption in each of 12 countries examined.

Nevertheless, an average of 165 car passengers, 100 motorcyclists and cyclists and 65 pedestrians are killed on the roads every day. Practically all countries introduced new measures to limit the risk of road accidents during the 1970s, including such moves as speed limits on rural and urban roads and the compulsory wearing of seatbelts. Preventive measures have proved particularly successful in built-up areas, the report claims.

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OVERSEAS NEWS

Election doubts grow in Nigeria

By Quentin Peel, Africa Editor

A FRESH element of uncertainty has been introduced into the forthcoming Nigerian elections with the death on Sunday of Malam Aminu Kano, leader of the People's Redemption Party and one of six prospective presidential candidates.

His death comes at a time of rapidly heightening election fever in the country, coinciding with economic austerity as a result of the depressed level of Nigeria's all-important oil production.

Five separate polls are due to be held between the beginning of August and the end of September, including voting for a new President, governors for the 19 separate states, and a national assembly.

Malam Aminu, a veteran of Nigerian politics since the 1940s, was a Socialist and the most radical candidate for the Presidency, but his support was overwhelmingly concentrated in Kano state, the most populous in northern Nigeria, and neighbouring Kaduna state.

His death is likely to result in a fierce battle between the ruling National Party of Nigeria, led by President Shugu Shagari, and the opposition Progressive Peoples' Alliance for the support of the rump of his party, which was held together largely by his own personality.

The President yesterday flew to Kano city to pay his respects to his former rival, with whom he had maintained good relations. Other party leaders are expected to do the same.

There is no certainty that the PRP will hold together for the election campaign, because it was already divided between the supporters of Malam Aminu and those of Governor Rimi of Kano state and of Alhaji Balarabe Musa, former governor of Kaduna state.

Governor Rimi and his supporters have already lined up with the Progressive Peoples' Alliance by joining one of its two major parties, the Nigerian People's Party, led by former President Nnamdi Azikiwe.

Prem likely to remain Thailand's Premier

GENERAL Prem Tinsulanonda, who has ruled Thailand for the past three years, seems likely to retain the Thai Premiership whichever political parties come out on top in yesterday's general election, writes Richard Cowper in Bangkok.

Leaders of the two main opposing camps in Thailand's bitter election campaign have made it clear that they favour a government led by Gen Prem.

In a surprise move before polling ended, Mr Kukrit Pramo, who has led the fight against those parties backing an army move to bolster its influence over Thai politics and government, called on Gen Prem and asked him to continue in office and form the next government.

Mr Kukrit, the leader of the centrist Social Action Party which is expected to gain the most seats in the next parliament, appears resigned, however, to having a military man as the country's next Prime Minister.

Gen Arthit Kamlang-Ek, commander-in-chief of the Thai army and the man who led the campaign to prevent the emergence of a more democratic Thai constitution, has also expressed his support for Gen Prem.

Thai offer of talks in Hanoi

Siddhi Savetala, Thailand's Foreign Minister, may be prepared to go to Hanoi to open a dialogue with Vietnam, but he has already withdrawn his troops 30 kms from the Thai-Kampuchea border, writes Richard Cowper in Bangkok.

He also said that he would be prepared to act as a mediator between Peking and Vietnam, but that he would not withdraw its estimated 180,000 troops from Kampuchea until the "China threat" was removed.

The Thai offer, made public in a Bangkok newspaper yesterday, was made to Nguyen Co Thach, Vietnamese Foreign Minister, when he visited Bangkok last month. Until now Thailand has maintained that no talks would be held until Vietnam withdrew all its troops from Kampuchea.

Chinese Premier in attack on Vietnam

Zhao Ziyang, the Chinese Premier, made a strong attack on the Soviet Union and Vietnam yesterday, accusing Vietnam of repeated military provocations along the Chinese border, writes Michael Thompson-Noel in Sydney.

Zhao was speaking in Canberra, at an official luncheon to mark a week-long visit to Australia which started on Sunday.

Trade and economic relations are expected to dominate the Chinese delegation's talks in Australia, given Peking's keenness to redress the balance of trade—currently almost three to one in Australia's favour.

Record capital inflows for Australia

Australia recorded private capital inflows totalling A\$644m (£495m) last month, easily overshadowing a speculative A\$560m outflow seen in February before the 18 per cent devaluation of the Australian dollar on March 8, writes our Sydney Correspondent.

The net capital inflow in March was A\$752m. The current account deficit was A\$533m, leaving an overall surplus on the balance of payments of A\$217m. This compares with a deficit in February of A\$114m.

Algerian entrepreneurs come in from the cold

BY FRANCIS GHILES

"WHAT YOU see here would have been unthinkable at the time of President Boumedienne," says Si Ahmed, a textile manufacturer, pointing to the vast building site outside Oran's Es Senia airport in the West of Algeria. Last year, the governor of this major city asked all private entrepreneurs to relocate and build new factories on the new site.

When the new industrial zone is completed, all private businesses, mostly making textiles and leather goods will move out of the city. The old factories will be destroyed or converted for other purposes. Oran will become a cleaner and safer city, and the private sector will enter a new dynamic phase.

For many years "entrepreneur" was a dirty word in Algeria. Private businessmen were treated like pariahs, forced to conceal their profits in real estate, or send them discreetly abroad to Tunisia, France or Switzerland.

In an austere socialist country where the economy was dominated by a string of large state corporations, Western-style consumer goods were not encouraged. Even today, Algerian beach resorts do not have the attractions of the rest of the Mediterranean.

Despite these restrictions,

however, the private sector is alive and well. Today it provides one-third of all jobs in the country, generally at higher rates of pay than in state-owned companies.

Most of the 315,000 private businesses are small stores, factories or service companies which employ fewer than five people, often members of the same family. But a growing number are larger, producing goods like textiles, plastics or television sets.

Official policy has also moved forward to a rosy future. A factory of five or 10 workers might be safe, but if it expanded to

One son saw to it that when he increased the capital of his company a senior official bought a stake, thus protecting him from undue interference.

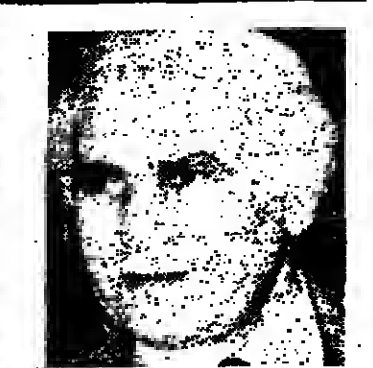
The family knows that it is unwise to refuse any military officer who wishes to buy directly from the factory, despite the fact that this is against the law.

Of course, such practices opened the door to corruption and some businessmen have amassed large fortunes. One such is Mohammed Zeghar, who was close to President

Boumedienne and involved in the award of foreign contracts. Mr Zeghar was arrested and charged with misuse of funds in January and will be tried by a military court.

People in the professions got around the problem in other ways, mainly by barter. Lawyers and doctors were often paid in kind, causing a growing black economy.

President Chadli's plans to integrate the black economy into the overall system should encourage more efficient planning in the long term.



President Chadli

100 or so, it could be construed as a threat to socialism.

The decision to encourage the private sector is part of a larger re-assessment by President Chadli of Algeria's economic priorities, which envisages the division of the giant state companies into smaller, more specialised and decentralised units.

Pricing policy is to be changed so that subsidies are eliminated and state produced goods are on a par with products manufactured by private enterprises. The aim is to increase low productivity levels, to produce more goods and services for the country's fast

growing population.

Private businessmen have also been encouraged by rules introduced last year which allow them to import capital goods from abroad with less bureaucratic obstruction than before. Local and provincial authorities, who previously would not sell to private companies, now often seek them out as partners.

Another major factor behind this shift in policies is the need to create new jobs. More than 50 per cent of Algerians are under 21 and the population is increasing at a rate of 3.2 per cent a year.

Israelis protest at West Bank settlement ceremony

BY DAVID LENNON IN TEL AVIV

TEN THOUSAND Israelis demonstrated in pouring rain beside Nablus on the occupied West Bank yesterday as the government dedicated a new settlement meant eventually to dwarf the most militant Palestinian town in the area.

Supporters of the Peace Now movement turned out in their thousands on Israel's 35th independence day to protest against the government's settlement policy which the demonstrators believe is lessening the chances of peace in the Middle East.

Because of the demonstration, the government held a surprise ceremony in a nearby building at which Mr

David Levy, the deputy Prime Minister, announced the conversion of the paramilitary settlement of Bracha into a civilian settlement.

The government plan is to develop Bracha into a large urban Jewish settlement which will overshadow Nablus in the same way as Upper Nazareth dwarfs the historic Arab town of Nazareth in Israel.

The opposition Labour party also condemned the government's decision. Mr Shimon Peres, the party leader, said the creation of "Upper Nablus" would divide the nation and reduce the chances for achieving peace with the country's neighbours.

Kuwait to raise spending by 4%

By Patrick Cockburn

KUWAIT is to raise its spending by 4 per cent in the financial year beginning July 1 despite a fall in its oil revenues, according to the country's latest budget.

Spending will rise to KD 3.5bn (£500m) from KD 3.4bn, Mr Abdel-Aziz Hussein, Minister of State for Cabinet Affairs, said yesterday. But he gave no figures for revenues.

Several public sector developments are being delayed because of reduced revenues, but Kuwait has never spent as heavily on industrial projects or

military procurement as other Gulf countries.

Kuwait has budgeted for a small deficit of \$800m during the present financial year, but this does not include its income from investments overseas worth more than \$500m.

In Qatar, oil revenues are expected to fall by half this year to \$2.45bn, the Finance and Petroleum Ministry said.

There will be a \$3.9bn budget for the financial year which begins last year, but the final size of the deficit is difficult to forecast.

In the past, the government has reacted to a fall in its revenues by delaying payments and postponing projects, but defence and aid are both excluded from budget projections. Qatar's reserves are believed to total \$8bn-\$9bn.

Both Kuwait and Qatar are producing oil at well below capacity, with output from Kuwait 800,000 barrels a day in February compared with a capacity of 2.5 m b/d. Qatar's production was 200,000 b/d in the same month compared with capacity of 650,000 b/d.

Akzo nv registered office at Arnhem

The annual general meeting of stockholders will be held on Tuesday 10 May, 1983 at 10.30 a.m. in the "Forum" of the RAI Congress Centre, Europaplein, Amsterdam. Facilities for simultaneous translation into English are available.

- Agenda:
- 1 Opening
 - 2 Report of the Board of Management for the fiscal year 1982
 - 3 Approval of the financial statements, consideration of the dividend proposal
 - 4 Proposal to amend the articles of association
 - 5 Proposal to designate the Board of Management as entitled to issue shares and to restrict or disregard the preemptive rights of stockholders
 - 6 Proposal to authorize the Board of Management to acquire shares in the company on behalf of the company
 - 7 Determination of the number of members of the Supervisory Council; appointment of members of the Supervisory Council
 - 8 Any other business

Re item 5: This proposal concerns the designation of the Board of Management, for a period of 5 years, as entitled:

- a) to issue, and to grant rights to take up, the ordinary shares not yet issued;
- b) to restrict or disregard the preemptive rights which the law accords to stockholders upon the issue or the granting of rights by virtue of a), provided that such act of restriction or disregard does not relate to more than five million ordinary shares.

Re item 6: This proposal concerns the authorization of the Board of Management, for a period of 18 months, within the limits provided by the law and the articles of association, to acquire for a consideration shares in the company at a price not in excess of market value.

The agenda, the signed financial statements, a copy of the proposal for amendment of the articles of association, as well as a list of personal data on the nominees for the Supervisory Council are available for inspection by stockholders at the Company's office, Velperweg 75, Arnhem.

There and through the undermentioned

banks stockholders may obtain free copies of the aforesaid documents, as well as a free copy of the annual report.

Stockholders who wish to attend the meeting should deposit their shares in order to establish their identity not later than Wednesday 4 May, 1983 at the Company's office, Arnhem, Velperweg 75, or with one of the following banks:

- in the Netherlands with Algemeen Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope N.V., Nederlandsche Credietbank N.V., Nederlandsche Hypotheekbank N.V., and Fierston, Holding & Pierson N.V. in Amsterdam, Rotterdam, The Hague and Arnhem, insofar as said banks have branches in these cities, and with Rabobank Nederland at Utrecht;
- in the Federal Republic of Germany and in West Berlin with Deutsche Bank AG, Deutsche Bank Berlin AG, Bank für Handel und Industrie AG, Berliner Handels- und Bank AG, Dresdner Bank AG and Sall, Oppenheim & Co. in Frankfurt a.M., West-Berlin, Düsseldorf, Cologne, Hamburg and Wuppertal;
- in Belgium with Generale Bankmaatschappij N.V. Bank van Parijs en de Nederlanden België N.V. and Kredietbank N.V. in Brussels and Antwerp;
- in Luxembourg with Banque Générale du Luxembourg S.A. in Luxembourg;
- in the United Kingdom with Barclays Bank PLC and Midland Bank PLC in London;
- in France with Lazard Frères & Co. and Banque Nationale de Paris in Paris;
- in Austria with Creditanstalt-Bankverein in Vienna;
- in Switzerland with Swiss Credit Bank, Swiss Bank Corporation, Union Bank of Switzerland in Zurich and Basel and their branches, and also with Fictet & Co. in Geneva;
- in the United States of America with The Chase Manhattan Bank N.A. in New York, N.Y.

The Supervisory Council

Arnhem, 18 April, 1983



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Al Baraka International	10 %	Guinness Mahon	10 %
Allied Irish Bank	10 %	Harbottle & Gen. Trust	10 %
Amro Bank	10 %	Heritable & Gen. Trust	10 %
Bank of Australia	10 %	Rili Samuel	10 %
Bank of Canada	10 %	C. Hoare & Co.	10 %
Bank of China	10 %	Hongkong & Shanghai	10 %
Bank of India	10 %	Kingsnorth Trust Ltd.	10 %
Bank of Japan	10 %	Kowloon & Co. Ltd.	10 %
Bank of Korea	10 %	Kowloon & Co. Ltd.	10 %
Bank of London	10 %	Malayan Banking	10 %
Bank of Mexico	10 %	Midland Bank	10 %
Bank of New York	10 %	Morgan Grenfell	10 %
Bank of Paris	10 %	National Westminster	10 %
Bank of Rome	10 %	Norwich Gen. Tr.	10 %
Bank of Spain	10 %	P. S. Refson & Co.	10 %
Bank of Sweden	10 %	Roxburghs Guarantee	10 %
Bank of Switzerland	10 %	Royal Trust Co. Canada	10 %
Bank of the South Seas	10 %	Slavoburg Bank	10 %
Bank of the West	10 %	Standard Chartered	10 %
Bank of the West	10 %	Trade Dev. Bank	10 %
Bank of the West	10 %	Trustee Savings Bank	10 %
Bank of the West	10 %	TCB	10 %
Bank of the West	10 %	United Bank of Kuwait	10 %
Bank of the West	10 %	Volkswagen Bank	10 %
Bank of the West	10 %	Westpac Banking Corp.	10 %
Bank of the West	10 %	Whiteaway Laidlaw	10 %
Bank of the West	10 %	Williams & Glyn's	10 %
Bank of the West	10 %	Winttrust Sec. Ltd.	10 %
Bank of the West	10 %	Yorkshire Bank	10 %
Bank of the West	10 %	Members of the Accepting Houses Committee	10 %
Bank of the West	10 %	7-day deposits 6.75%, 1-month 8.25%	10 %
Bank of the West	10 %	7-day deposits on sums of: under £10,000 6%, £10,000 to £50,000 7%, £50,000 and over 8%	10 %
Bank of the West	10 %	Call deposits £1,000 and over 7.5%, 28-day deposits over £10,000 7.5%	10 %
Bank of the West	10 %	Overnight deposits 6%	10 %
Bank of the West	10 %	Mortgage base rate	10 %

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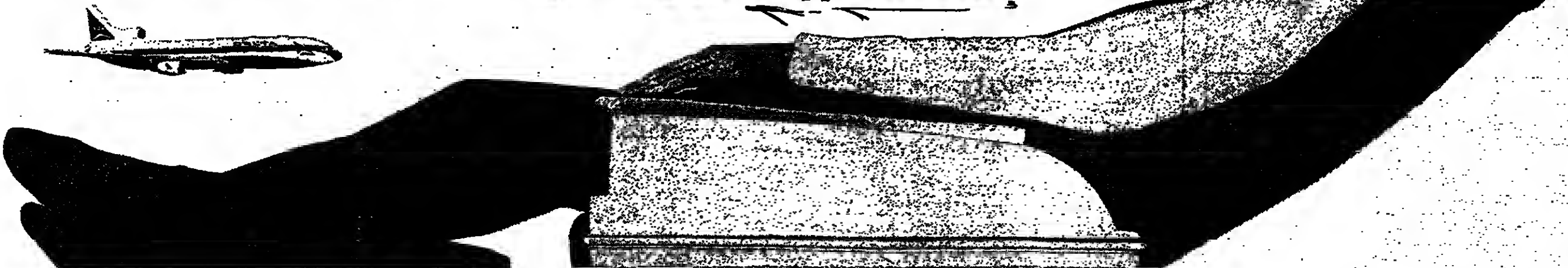
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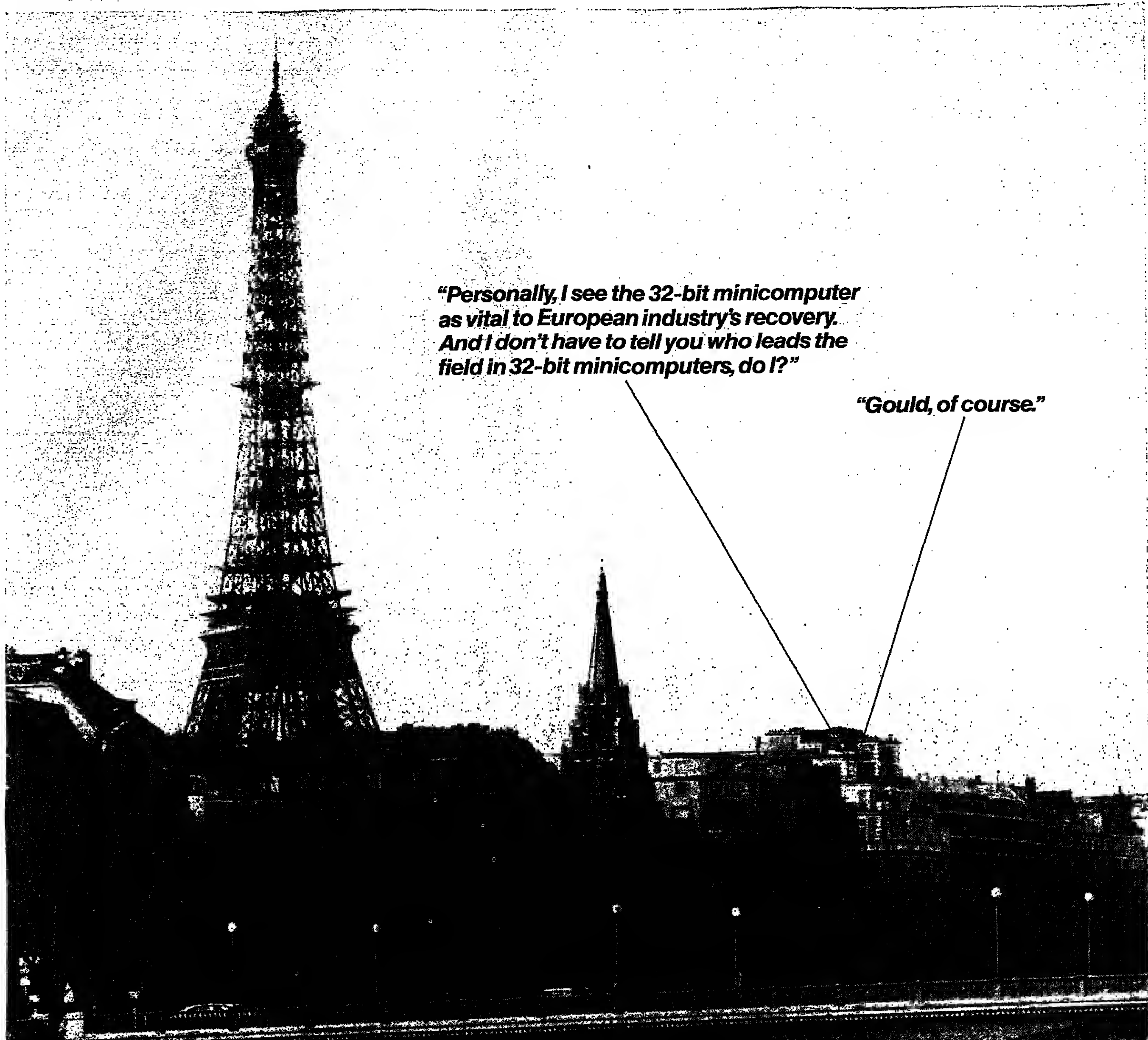
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AMERICAN NEWS

Mary Helen Spooner in Santiago explains why a crackdown on dissent ignores a major problem

Chilean junta fears the discontented poor

THE CLOUD of rumours which hung over Chile earlier this year about the supposed political demise of General Augusto Pinochet has blown away. But the pressures on his regime to contain the country's worsening economic crisis remain as strong as ever.

Recently Sr Carlos Caceres, the Finance Minister, announced a long awaited package of economic measures aimed at reactivating the economy and providing a policy framework for the renegotiation of \$3.5bn in foreign debt due this year and next.

It included a rescheduling plan for domestic debtors, a modification of Chile's sliding exchange rate and a temporary hike in import tariffs from 10 to 20 per cent—not as much as many Chilean industrialists had urged in the past.

Chile's business community reacted in lukewarm fashion, feeling that the measures did not go far enough to restore the economy to rights. The Opposition groups stepped up their activity and last month 250 people were arrested during an illegal "march against hunger" in the centre of Santiago.

Gen Pinochet warned the marchers that in future his Government would "wield a

harder hand than they imagined." He also curtailed a plan to allow thousands of exiled Chileans banished by his government to return home.

Yet increased surveillance and a tougher crackdown on protest will not solve the problems provoking the unrest. The Government's National Statistical Institute (INE) reports a decline in unemployment from 24 per cent last year to 20.8 per cent this year, but the number of out-of-work Chileans enrolled in the Government minimum employment programme, who earn just 2,000 pesos (about £18) per month, has increased to 9.8 per cent of the workforce.

A similar programme to employ heads of households in public works projects paying 4,000 pesos per month now accounts for another 3 per cent. Adding these two groups to the official figure, unemployment in Chile could be said to affect fully one third of the labour force.

The earnings of those Chileans fortunate enough still to have jobs have deteriorated by 15 per cent over the past year, according to INE's calculations. In addition, labour groups have questioned the official consumer price inflation calculations, arguing that low-income families purchase less

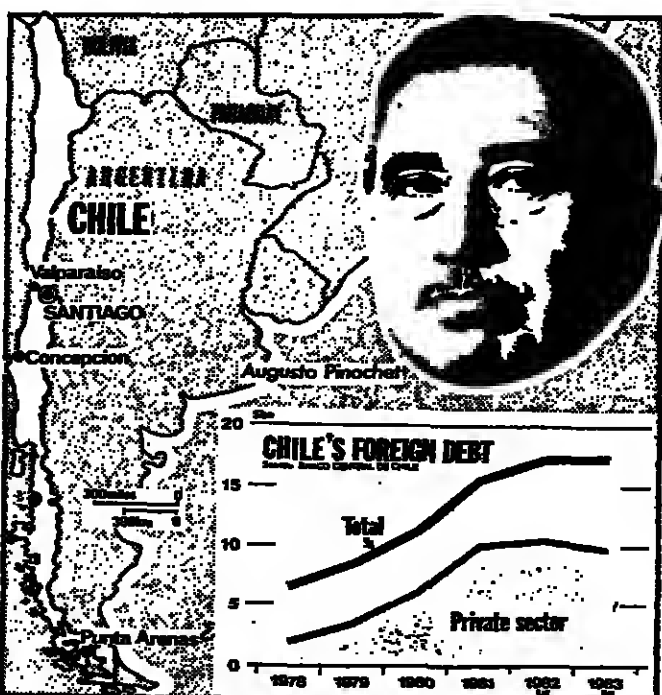
than 60 of the 348 items used in determining the monthly inflation figure. The cost of a poor family's typical purchases is said to have increased at a faster rate than the official figure suggests.

The regime is worried that the discontented poor could be forged into a well-organised grassroots opposition movement. "The Government is watching the church and the labour unions like a hawk," one diplomat in Santiago commented.

Recently the residence visas of three foreign priests—two Irish and one Australian—were revoked, the first time foreign clergy had been expelled since the mid 1970s. The priests were accused of running "politically orientated" soup kitchens in poor areas of Santiago.

While the regime is maintaining a hard-line policy towards labour and Catholic Church dissidents, it appears to be following more subtle tactics toward leaders of Chile's disbanded political parties. Recently, a new group calling itself the Project for National Development (Proden) presented a bold proposal calling on Chile's four-man junta to assume executive power and to hold elections for a unicameral congress within six months.

Proden has also sent letters



to the four junta members—army commander Gen. Raúl Benavides, naval commander Adm. José Merino, military police commander Gen. César Mendoza and air force com-

mander Gen. Fernando Matthei—requesting an audience to discuss the country's economic problems and alternatives to the lengthy transition to democratic rule. Under the existing plan,

passed in a controversial constitutional plebiscite in September 1980, Chile will not have a popularly-elected Government until after 1997.

Proden's strategy appears scrupulously to follow all Government legalisms and protocol, while seeking to capitalise on any differences between junta members and between the junta and the President. In effect, the Proden proposals offer the four-man junta a face-saving way of turning power over to civilians. Nevertheless, officials seem unlikely to take the bait at present.

Recently Gen. Matthei, speaking on the anniversary of the founding of Chile's air force, said his institution fully backed the Government's plan for a slow transition to democracy.

His statement has temporarily ended any speculation that the man thought to be the most liberal junta member might support the Proden proposal. Adm. José Merino has also stated his support for the regime's timetable.

While there has been little official public reaction to Proden's efforts, and the group's members do not appear to have suffered any reprisals, Gen. Pinochet's subordinates have made it clear there will not be any high-ranking desertions from the regime for the moment.

Volcker calls for intervention on exchange rates

BY ANATOLE KALETSKY IN WASHINGTON

MR PAUL VOLCKER, chairman of the Federal Reserve Board, has called for U.S. intervention to stabilise exchange rates in his clearest public departure to date from the Reagan Administration's official approach to economic policy.

Mr Volcker made his call in a week-end speech in Rome to the Trilateral Commission, technically a private forum, but one in which his remarks were assured of widespread publicity.

In the past, Mr Volcker's personal distaste for the Administration's strict hands-off policy towards exchange rates was well known. But since the 1980 presidential election, he had never stated his position in a way which was likely to be attributed directly to him.

Mr Volcker's decision to make his views known at the Trilateral Commission, a body consisting of leading businessmen, politicians and public servants from the U.S., Europe and Japan, appears to indicate growing differences of opinion between the Fed and the Treasury.

Recently, Mr Anthony Solomon, the president of the Federal Reserve Bank of New York, stated his support for a degree of stabilising currency intervention in a completely public speech, circulating the text in advance.

However, on exchange rate policy, as opposed to domestic monetary policy, the Fed does not have any authority to act independently of the Treasury.

The New York Fed performs currency interventions solely as the Treasury's agent and on its instruction. Treasury officials were emphatic yesterday that Mr Volcker's remarks, which were passed on by members of

the Trilateral Commission to a Washington Post reporter in Rome, did not indicate any change in administration policy. The Administration's official position, put repeatedly by Mr Donald Regan, the Treasury Secretary, and Mr Martin Feldstein, chairman of the Council of Economic Advisers, is that the Government cannot outpace the markets on what is an appropriate level for the exchange rate.

The Fed believes that its attitude to exchange rates is not fundamentally incompatible with this, because Mr Volcker strongly supports the general idea of floating currencies and is definitely against a return to fixed exchange rates or an international gold-standard. In his Rome remarks, he is understood to have expressed only the concept of "smoothing intervention." This is designed to prevent currencies "overshooting" within a floating system, beyond the slowly variable equilibrium levels which are dictated by fundamental economic conditions.

Despite its limited scope, however, such smoothing intervention has turned into a major bone of contention between the U.S. and some of its trading partners. The Administration is bound to be displeased if its arguments against intervention, which have already been criticised by a study commissioned at last year's economic summit in Versailles and due to be made public on April 29, are further undermined by the Fed.

● The White House yesterday denied Press reports that President Ronald Reagan had decided not to reappoint Mr Volcker for a second term as Fed chairman.

U.S. warns Soviet Union against missile response

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. has again warned the Soviet Union against introducing medium-range nuclear missiles into the Western hemisphere in response to any deployment of new U.S. cruise and Pershing 2 missiles in Western Europe.

Mr Victor Isakov, Minister-counsellor at the Soviet embassy in Washington, on Sunday repeated long-standing Soviet threats to respond in an equivalent manner if the U.S. deployment goes ahead in Europe at the end of this year—although he was vague about how and where the missiles might be deployed.

Asked about Mr Isakov's remarks on American television shortly afterwards, Mr Richard Perle, Assistant Secretary of Defence for International Security Policy, said that any such move by Moscow would be "a very dangerous escalation, a wholly unnecessary one."

Mr Perle said that there was "no security imbalance in this hemisphere that could in any way compare to the imbalance that the Soviets, by virtue of their building programme, have created in Europe."

Mr Isakov said that "on our part, it will be a farced decision because our medium-range missiles as of now cannot reach the territory of the U.S., while yours will be able" to reach Soviet territory.

While Washington would be seriously alarmed if the Soviet Union did in fact introduce missiles into Central America, recalling the 1982 Cuban missile crisis, the threats are being taken so far largely as propaganda.

If the Soviet missiles were really to be "equivalent" to the U.S. cruise and Pershing 2s, they would have to be land-based Soviet submarines, which could launch a massive nuclear strike against the U.S. in a matter of minutes, are already deployed in considerable numbers not far off the American coast.

Latin American governments would bitterly oppose the introduction of nuclear missiles on the mainland of their continent, which is officially a non-nuclear area under the treaty on Tlatelolco, signed by most Latin American countries in 1967.

Washington Post to launch weekly tabloid

WASHINGTON—The Washington Post said yesterday it plans to launch a weekly tabloid-size national newspaper, called the National Weekly, this autumn.

The newspaper company said the paper will repackaged stories from the daily Washington Post for a "select audience." It will be "designed for the reader who wants to know more about what goes on in Washington—about politics, the Federal Government and the economy," said Mr Donald E. Graham, publisher of the Post.

The company has been studying the project for about 18 months. It would not say how much it plans to spend on the venture, but said initial "target circulation" would be "in the 30,000 range."

Subscriptions will be initially \$38 a year, and single copies will sell for \$1 on news stands "in several major U.S. cities," AP-DJ.

Others who formally have announced their candidacy for the Democrats' nomination are former vice President Walter F. Mondale, Colorado Senator Gary Hart, California Senator Alan Cranston and former Florida Governor Jeb Bush. Ohio Senator John Glenn, the former astronaut, is scheduled to announce his candidacy on Thursday.

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BANK OF AMERICA 

WORLD TRADE NEWS

Italian contractors worried by loss of overseas work

BY JAMES BUXTON IN ROME

ITALIAN construction companies and government ministers are becoming increasingly worried by the recent sharp drop in new foreign orders for Italian contractors and plant engineering companies.

The latest figures indicate that in 1982 Italian companies won only £2,350m (\$1.7bn) worth of contracts overseas, compared with £5,730m in 1981. Projections for 1983 are thought to be even worse.

The bulk of Italian overseas construction work is in developing countries, both those which are members of Opec and those which are not big oil exporters. Both types of country have been hit by the recession, the Opec countries through a reduction in their oil revenues, and the non-oil exporting countries through debt problems.

The Italian contractors have been hit, like those of other European countries, by competition from contractors in the Far East, such as South Korea, which has much lower labour costs.

But some Italian contractors believe that they are now doing worse abroad than their competitors in West Germany, France and Britain, who they claim have suffered far less if at all from the current crisis.

Among the most popular scapegoats are the Italian banks, which the contractors claim, are less flexible and competitive than their European equivalents in offering Italian contractors financing packages. They also suggest that other European governments give better financial support for overseas projects than does the Rome Government.

Both Sig Emilio Colombo, the Italian Foreign Minister, and Dr Guido Carli, the former Bank of Italy governor who is chairman of Impresit, a major contractor, said last week that they believed the answer lay in helping developing countries to cope with their debt problems and guiding them through their current difficulties. But both also pinpointed the bad effects on Italian contractors of the high Italian inflation rate which at 16 per cent is increasingly out of line with those of competing countries.

But while contractors are doing badly overseas they are hoping for better things in Italy. Though house building in the big cities remains nearly stagnant, there are large programmes in the pipeline for completing the autostrada network and improving the railways.

Food and accents concern Japanese in Britain

BY OUR WORLD TRADE STAFF

A LACK of Japanese teachers for expatriate children, difficulty in coping with regional accents in the UK and a shortage of Japanese foods in restaurants are cited as obstacles to increased Japanese investment in Britain.

The observations appeared in a survey sponsored by the Industry Department and the Japanese External Trade Organisation (Jetro). It found, however, that industrial production in Japanese-owned plants in the UK was higher than expected and labour relations were still going through a "honeymoon atmosphere."

The study pointed out that the biggest concentration of Japanese companies was in the Cardiff area and that a com-

munity atmosphere was beginning to form between the Japanese and Welsh.

"The biggest difficulties are finding the right kind of fresh raw fish and education," said Mr George Murray, a director with European Company Services, which conducted the study. In some cases, he said, children had been sent home to Japan because they had developed Welsh accents "or worse, still, speak Welsh."

The survey showed that the Japanese considered British workers as skilful and helpful. The main complaint was the low standard and inefficiency of component suppliers in Britain. This was being resolved by Japanese executives visiting suppliers and "supervising" production.

John Brown wins £60m power order

By Mark Meredith, Scottish Correspondent

JOHN BROWN Engineering of Clydebank yesterday announced a £60m order to supply a complete power station to Thyssen Steel of West Germany.

The power station will provide both electricity and steam for a petrochemical works which Thyssen is building in the Far East, although neither John Brown Engineering or Thyssen would say which country was involved.

The contract provides for six of the new, fuel-efficient Frame VI gas turbines along with boilers and auxiliary equipment.

The Scottish based engineering company now has orders worth about £200m under way. These include the £104m order for 21 gas turbines for the Soviet gas pipeline.

A further contract to supply one more gas turbine worth £8.5m to the Soviet Union was announced last week. It brought to 68 the number of gas turbines the company has supplied to Russia—the company's largest customer.

Rolls-Royce export finance

By Michael Donne, Aerospace Correspondent

A \$34.5m (£25.5) LOAN for Rolls-Royce RB-211-525 engines for Boeing 757 jets for Eastern Air Lines of the U.S. has been arranged by a group of banks, headed by Lazard Brothers.

They are the National Westminster Bank Group as joint lead manager, Lloyds Bank International and Standard Chartered Bank, with Export Credits Guarantee Department support.

Kloeckner to build Sabah gas complex

Kloeckner Industrieanlagen has won an order worth DM 560m (£150m) from the Malaysian company, Sabah Gas Industries, Renter reports from Hannover. The order covers construction of a turnkey methanol complex with an integrated power station on the island of Labuan.

Traditional order and discipline are not enough. John Wicks reports from Zurich

Recession hangover hits Swiss exports

THE SWISS economy, historically one of the most well ordered in the West and, hence, one of the most envied, is heading for trouble in the area most responsible for its success—exports.

At first glance this might not seem to be the case. In 1982 merchandise exports were down only 0.3 per cent on the previous year, compared with a 3.4 per cent fall in imports. This meant a narrowing of the Swiss trade gap by more than 25 per cent; the major factor in an improvement of the surplus on current account from just over SwFr 5bn (£1.5bn) to around SwFr 7bn for the year.

This apparent success was due solely to changes in price levels, however. While average export prices went up by 3.6 per cent in 1982, those for imports fell in Swiss franc terms by 1.4 per cent; in effect, export volumes were down more sharply than imports.

At the same time, the export figures largely reflected earlier orders. Since last spring, the inflow of new industrial orders from abroad has been substantially lower than 1981 levels. The combination of sluggish demand and increasing competition has also meant that

it is more difficult to obtain adequate prices for new orders. Switzerland with a population of less than 6.4m, has only a small domestic market and depends on foreign demand. Exports of goods and services

improved since. The chemical industry, which exports almost all its production, showed a steady shrinkage in orders throughout 1982 and views prospects for the current year "with reserve." Watch exporters saw

before. These indicators do not show what happened to the foreign subsidiaries of Swiss multinationals—frequently much more important than the parent companies—but early annual reports show that many companies have had trouble abroad, too.

This year has not had an encouraging start. In the first two months, merchandise exports were down by 2 per cent on the corresponding period in 1982, the equivalent in real terms of 8.5 per cent. This followed an inflation-adjusted drop of 7.3 per cent in the fourth quarter of 1982. In the third and fourth quarters of 1982, GDP had fallen in real terms by 2.5 and 2.4 per cent compared with the previous year.

There is little the Swiss can do to improve matters. A job creation programme, announced in January, is based primarily on the acceleration of Government contracts. The only move promoting exports is the decision to advance an additional SwFr 170m in repayable Government money to the Export Risk Guarantee Fund this year and next and to earmark an extra SwFr 100m for joint credits and aid to countries with balance of payment problems.

Anything approaching protectionism outside the agricultural sector is generally unthinkable in Bern, and it is not likely that the authorities would countenance a return to programmes granting foreign currency support to ailing exporters.

The Swiss are dependent on a world recovery. Business opinion is optimistic that signs of improvement will appear about mid-year. As long as the Swiss franc does not rise too strongly again, there is reason enough to hope for a modest recovery in the second half of 1983 and probably a further improvement next year.

There are already some good indications. A survey conducted by the Union Bank of Switzerland shows that almost 30 per cent of all companies questioned are expecting second-quarter orders to be up on those for the same period of 1982, while Credit Suisse claims there has recently been a slight overall rise in export contracts.

Both banks anticipate a modest growth in industrial output in the next couple of months, even though this will remain well below corresponding 1982 levels.

U.S., Morocco in talks on investment treaty

BY FRANCIS GHILIS

THE U.S. and Morocco are negotiating an investment treaty which both sides hope will increase the volume of U.S. investment in Morocco. Trade between the two countries is currently characterised by a massive Moroccan deficit.

Moroccan exports to the U.S. were worth \$136m (\$20.7m) in 1981 while imports from the U.S. reached \$1.57bn. Figures for the first 11 months of 1982 were \$148m and \$1.415bn. During the last two years about half of the value of U.S. exports are accounted for by cereals following the severe drought of 1979-1981.

Last year the Moroccan Parliament passed an investment code which allows foreigners to hold 100 per cent equity in Moroccan companies. Foreigners are also allowed to remit all profits after tax to their home base and all the initial capital they invest and

acquired capital after five years. A one-day forum sponsored by Chase Manhattan Bank and the Moroccan Office de Développement Industriel in New York last week was addressed by M. Taleb Bencheikh, and M. Azedine Guessons, respectively Moroccan Ministers of the Economy and Trade. The U.S. was represented by the Deputy Assistant Secretary for Trade, M. Joseph Dennin.

The choice of Chase Manhattan is the direct result of the efforts being made to develop relations between the U.S. and Morocco by the U.S. ambassador to Rabat, Mr Joseph Vernon Reed who, until two years ago was a close adviser to Mr David Rockefeller.

The first meeting of a joint economic commission set up by Britain and Tunisia will meet in Tunis next Thursday. It will be attended by Mr Douglas Hurd, Minister of State at the Foreign Office.

UK exporters wary of Libya, Iran and Iraq

Financial Times Reporter

THERE IS growing evidence UK businessmen are becoming increasingly cautious of trading with Libya, Iraq and Iran because of the risk of non-payment, says the London Chamber of Commerce and Industry.

The LCCI has arranged a special seminar on June 15 to examine the problem and look at how UK suppliers can improve trade and payment performance in these countries.

Although UK trade with these markets totalled about £750m last year, the chamber says that British suppliers are wary of exporting to these countries because of the severe shortage of foreign exchange resulting in delayed payments and other related problems. For example, 1982 saw a six-fold rise in claims to ECOD for non-payment from Libya which has resulted in ECOD requiring letters of credit.

Arab banking directory published in Bahrain

BY MARGARET HUGHES

A ANNUAL handbook on Arab Banking and Finance has been launched by Falcon Publishing of Bahrain. The new publication is sponsored by the Bank of Bahrain and Kuwait, Gulf International Bank, Kuwait Asia Bank, Saudi National Commercial Bank, Bahrain OBU and United Gulf Bank.

The 500-page book provides profiles of 21 Arab countries, a who's who in Arab banking and a financial directory which gives two years' financial results of all the banks operating in the Arab world. About half the handbook is devoted to a series of articles on such subjects as the role of Arab banks in the Euromarkets, Islamic banking and the Gulf Co-operation Council. The introductory article—"Arab banks: international lending—will the momentum continue?"—has been written by Mr Alexander

Fleming of the World Bank.

The publishers say the handbook is more accurate for being published in the Arab world. But in its Egypt country profile, for instance, it gives Sunday as the official day of rest whereas most businesses, including banks, are open on Sundays and closed on Fridays. It is retail shops and the Coptic community which take Sunday as their day of rest in Egypt.

Falcon Publishing, which is an offshoot of Gulf Public Relations headed by Abdulnabi Al Shu'ala, is planning next year to launch another annual handbook, entitled Arab Industrial Review, again covering 21 countries in the region.

Arab Banking and Finance Handbook, 350, is available from Falcon Publishing PO Box 3028, Manama, Bahrain. Names of other international distributors can be obtained from the London Chamber of Commerce and Industry, 50 Cannon Street, London EC4N 3AB. Tel: 509941 LCCI.

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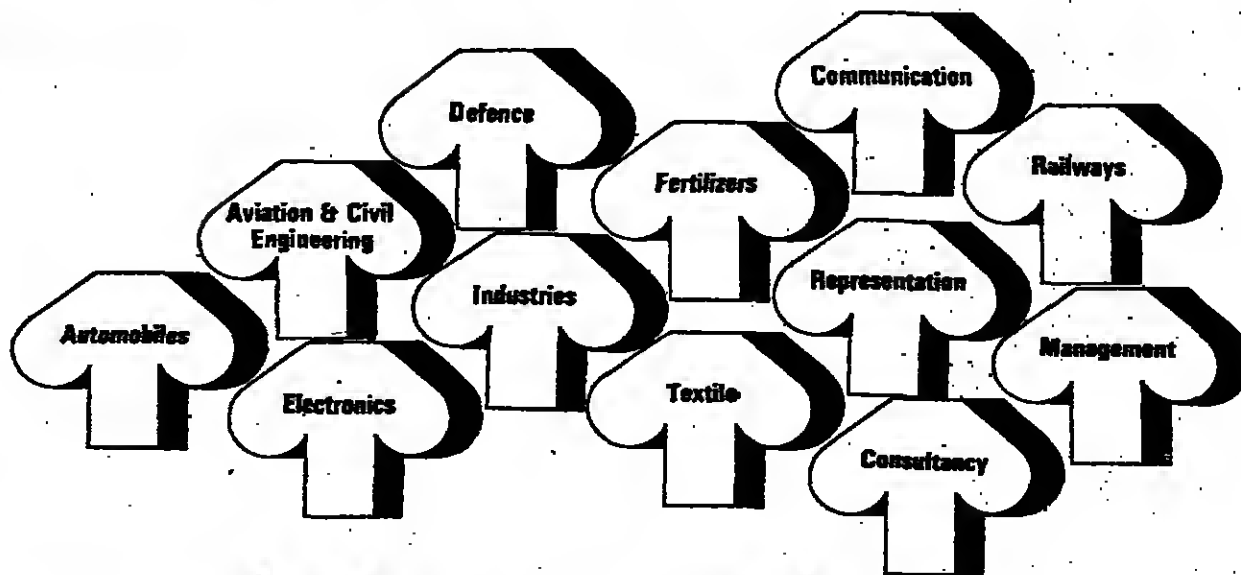
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PRESTIGE

UK NEWS

Thorn and Philips in talks on video

By Jason Crip

THORN EMI, the leading European supporter of the Japanese VHS videorecorder system, has been talking to Philips about supplying it with programmes for its rival LaserVision system.

After a series of postponements the VHS videorecorder is being launched in Japan this week by JVC. Thorn EMI will see how it fares in the Japanese market before selling any programmes to Philips. It emphasised that talks with Philips are at an early stage.

Videorecorders are cheaper and of a higher quality than videocassettes but they can not record broadcast programmes. There are three rival and incompatible systems. The simplest is RCA's SelectaVision developed and sold in the U.S. The most sophisticated is Philips' LaserVision sold in the U.S., Japan and parts of Europe.

The VHS system developed by JVC has not been commercially available until this week.

The VHS disc launch has been postponed on both technical and commercial grounds. Last year Thorn EMI made off a £20m investment in a disc pressing plant in Swindon and postponed the UK launch indefinitely.

Philips' LaserVision has been available in the UK since last May. Although it has spent £3m on promotion, sales have been very limited. One problem is that there are only about 200 titles at present.

Thorn EMI is a potential major source of programme material, although it would be unlikely to sell to Philips if it intended to launch its own system soon.

Retail spending rises 4½% in real terms

BY MAX WILKINSON AND DAVID CHURCHILL

SHOP spending in the UK rose again in March to bring business in the first three months of the year to a level 4½ per cent higher in real terms than in the same period a year ago.

According to the latest estimate issued yesterday by the Department of Trade, the index of retail sales rose 1½ per cent in March to 112 (1978=100), almost at high in its peak in December, and 5 per cent above its level in March last year.

The recent recovery of consumer spending has been one of the main reasons for optimism that an economic revival is under way. Although the retail value of after tax income fell by 1 per cent last year, people were able to increase their spending by reducing their savings or by borrowing.

The same process appears to be continuing this year, although the lower level of inflation and the budget tax cuts are expected to result in a rise in real disposable incomes.

The major question for the Government and the economy as a whole is whether the increased spending will lead to higher order books for British manufacturers, or whether it will mostly leak away to imports.

The trade figures for the first two months of the year showed a sharp rise in imports. However, the latest figures published last week showed a 2 per cent increase in manufacturing output in January and February compared with the low average for the last three months of 1982.

A mood of cautious optimism has been supported recently by the Confederation of British Industry's survey.

Aluminium producer hit by strike

By Ian Rodger in London

BRITISH ALCAN Aluminium has declared force majeure, an inability to meet its contractual obligations, on all products from its aluminium works at Rugeley in South Wales.

The plant has been shut for four weeks because of a strike by 1,000 of the 1,500 workers over redundancies sought by the company as part of the rationalisation plan arising from the merger of British Alcan and British Aluminium.

The trade union object to the company's proposal to confine 350 redundancies largely to the extrusion department, which is being closed, rather than spread them throughout the site on a voluntary basis.

About 150 jobs, however, are to be created as a result of the transfer of some sheet rolling activity from Falkirk in Scotland.

Sheet is the main product affected by the shutdown, and the production of pig iron and steel is also being hit.

Since January, stockholders' prices for pure aluminium have risen over 20 per cent, mainly because of the decline in the value of sterling. Orders have been picking up and there are reports of some European suppliers being sold out until the summer.

Although one UK stockholder said yesterday it was having "no difficulty whatsoever" obtaining sheet.

Cowley strikers will be told to stay out until demands are met

BY OUR LABOUR STAFF

SHOP STEWARDS at British Leyland's Cowley car assembly plant want the three-week-old strike there to continue. They will recommend today to stay out until their grievances are settled.

They will also urge the strikers to resist what they regard as industrial blackmail - the warning that those who do not return will be sacked.

The decision of the 85-strong shop stewards' committee was conveyed to the union leaders before their talks with the Austin Rover chairman Mr Harold Masgrave.

Austin Rover says that, while talks continue, no action will be taken on plans to dismiss the strikers who do not resume work today.

After announcing the shop stewards' recommendation, a union spokesman said it came from a meeting, which had conducted a cool and careful analysis of the situation. He suggested that Mr Masgrave's latest comments showed he wanted to declare war on the trade unions and was trying to get a non-union shop.

While national talks were taking place, shop stewards at Cowley were also completing arrangements for a mass picket of the plant today to prevent any workers complying with the management's ultimatum.

Confusion on the gates is expected - the company is still calling for people to return even though action to dismiss those who do not has been suspended.

Time is short for any formula that might be achieved in the national talks to be put to the mass meeting. Local officials, not involved in the talks, are likely to insist that national officers should personally make any recommendation.

Today's mass meeting will clearly give a guide to the militancy of the strikers and the extent to which they have been influenced by the management's publicity campaign and threats of dismissals.

Local union leaders, however, believe it could be one thing to draw up a peace formula at national level but quite another to sell it to the strikers.

On the other hand, the longer the

Lloyd's group to assess losses

By John Moore in London

A GROUP of Lloyd's underwriting members who form part of an aviation syndicate at Lloyd's is meeting today to discuss losses which have arisen in the conduct of their affairs.

The syndicate affected by the losses is known as Number 244 in Lloyd's and is one of 431 syndicates in operation in the market. It is formed of wealthy individuals who invest in Lloyd's by pledging their wealth to allow the market to function.

Each member on the syndicate who has accepted £10,000 worth of insurance business faces losses of £2,768 in one underwriting account, and £2,519 in another.

The losses were largely incurred on the insurance of aviation business and the syndicate affected has now been absorbed into another Lloyd's syndicate, Number 190.

CONFECTIONERY COMPANY BUYS INTO U.S. MARKET

Why Rowntree wants Tom's Foods

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

ROWNTREE MACKINTOSH, the York-based confectionery company, has not been content to rest on its laurels in recent years. It has acquired a subsidiary of the General Mills food giant, for which Rowntree is willing to pay about £140m.

It's a sort of Riley's Potato Crisps operation in the States, says Mr. Tim Potter, an analyst with stockbrokers Vickers de Costa, who views the move. Riley's has secured a profitable niche in the UK snack food market, which is dominated by companies like Golden Wonder, Walkers and KP, by concentrating on small shops and the catering trade rather than the mass market.

Tom's Foods is a similar operation, selling mainly crisps and other snack foods as well as some confectionery and mss. It is broadly based in the southeastern and southwestern states in the U.S. with its products sold through retail outlets and vending machines.

It also has a broad network of independent distributors serviced by Tom's main reason why General Mills says it was happy to divest itself of the operation. General Mills prefers to keep distribution to the grocery trade in its own hands.

Mr Potter and other City of London analysts were yesterday generally happy that Rowntree had at last brought off its long-awaited U.S. acquisition, even though there

were a few voices raised at the £140m price tag.

The move is a bit suspicious of companies that pay more for a takeover than the annual sales of the company being acquired, Mr Potter says. Tom's annual sales last year were about £130m, with pre-tax profits of about £18m.

Rowntree, not surprisingly, remains confident that the entry price to the U.S. is on a price-earnings ratio in line with other U.S. acquisitions by British foods companies. But Rowntree is more concerned with the long-term strategic aims of the takeover, rather than its short-term costs.

Rowntree's strategic aims are, according to Mr Potter, to expand in traditional confectionery markets - which was the reason behind the Laura Secord takeover - and to add a new product area. Snack foods were the preferred target, which explained the Riley's acquisition last summer and the latest move into the U.S.

The reason for Rowntree's pre-occupation with expanding into new markets is not hard to understand. Britain is a mature confectionery market with one of the world's highest per capita consumptions of these products.

At the same time, the UK markets are becoming increasingly more competitive, with heavy advertising support for the major brands as Cadbury and Mars vie

with Rowntree for a share of consumer spending hit by the recession.

In addition, UK confectionery manufacturers are becoming worried by a surge of cheap imports which threatens to erode their brand share.

Rowntree, however, has learnt from its lengthy experience in the fragmented European confectionery markets, where it has tried to build up a strong brand presence at a large cost. Only now is it in sight of breaking even. European advertising and promotional costs are estimated at about 12 per cent of sales, compared with about 8 per cent in the UK - itself not a cheap promotional market.

Its aim, therefore, with its U.S. acquisition was for a company in a non-confectionery but allied market which was fairly self-contained and with a good distribution system. Rowntree did not want to have to find itself with a costly product development programme.

The question that remains is whether or not this takeover satisfies Rowntree's acquisition lust. "Obviously, it will take us some time to digest this substantial deal financially before we start thinking of anything else," says Mr Potter. "But it does not rule out further takeovers within our broad growth strategy."

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The List of Applications will open at 10 a.m. on Thursday, 21st April 1983 and will close at any time on the same day.

This issue is made in accordance with a General Council given by the Treasury under the Control of Borrowing Order, 1958.

Application has been made to the Council of the Stock Exchange for the Stock being issued to be admitted to the Official List.



CITY OF BRISTOL

ISSUE OF
£35,000,000 CITY OF BRISTOL
11½ per cent Redeemable Stock 2008

Authorised by the Council of the City of Bristol and issued in accordance with the provisions of the Local Government Act, 1972, and the Local Authority (Borrowing and Securities) Regulations 1974.

Arranged by Pender, & Boyle and Butler, Laing & Crutchfield Ltd.

Price of Issue £98 per cent.
PAYABLE AS FOLLOWS:-

On Application £20 per cent
On 12th October, 1983 £78 per cent
£98 per cent

INTEREST (LESS INCOME TAX) WILL BE PAYABLE HALF-YEARLY ON 31st MAY AND 31st NOVEMBER by warrant, which will be sent by post at the risk of the stockholder(s). A FIRST PAYMENT OF £2,827 (LESS INCOME TAX) PER £100 STOCK WILL BE MADE ON 30th NOVEMBER, 1983.

The Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act, 1961.

In accordance with the Resolution passed by the Council of the City of Bristol on 14th December, 1982, NATIONAL WESTMINSTER BANK PLC is authorised to receive applications for the above amount of Stock at the New Issue Department, P.O. Box 78, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BQ.

1. SECURITY - The Stock and its interest thereon will be secured on all the revenues of the Council and will rank pari passu with the existing debt of the Council.

2. PROVISION FOR REPAYMENT OF LOANS - The City Council is required by Acts of Parliament to make annual provision towards redemption of loans raised for capital expenditure.

3. PURPOSE OF ISSUE - The net proceeds of the present issue of Stock will be applied to repurchase moneys temporarily borrowed to meet scheduled capital expenditure, to finance further authorised capital expenditure, and to replace maturing debt.

4. REDEMPTION OF STOCK - The Stock will be redeemed at par on 31st May, 2008 unless previously cancelled by purchase in the open market or by agreement with the holders.

5. REGISTRATION - The Stock, when fully paid, will be registered and transferable free of charge, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1982 at The City Treasury, The Council House, College Green, Bristol BS59 7BL.

6. INTEREST - Interest (less income tax) will be paid half-yearly on 31st May and 31st November by warrant, which will be sent by post at the risk of the stockholder(s). In the case of joint accounts, the warrant will be forwarded to the person first named in the account unless instructions to the contrary are given in writing.

The first payment of £2,827 (less income tax) per £100 Stock will be made on 30th November, 1983, by warrant in the usual way.

7. APPLICATIONS AND GENERAL ARRANGEMENTS - Applications on the prescribed form, accompanied by a deposit of £20 per cent of the nominal amount applied for, will be received at National Westminster Bank PLC, New Issue Department, P.O. Box 78, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BQ, and must be for a minimum of £100 Stock or for multiples thereof up to £1,000 Stock.

Larger applications must be made in accordance with the following scale:-
Applications above £1,000 Stock and not exceeding £10,000 Stock in multiples of £1,000.
Applications above £10,000 Stock and not exceeding £50,000 Stock in multiples of £5,000.
Applications above £50,000 Stock in multiples of £25,000.

A separate cheque drawn on a Bank or Branch thereof in England, Scotland or Wales must accompany each application form. Payments of £10,000 or more must be made by banker's draft or by a cheque drawn on a Town Clearing branch of a Bank in the City of London. No application will be considered unless these conditions are fulfilled.

In the event of partial allotment, the surplus from the amount paid as deposit will be refunded to the applicant by cheque. If no allotment is made, the deposit will be returned in full.

Payment in full may be made at any time after allotment, but on discount will be allowed on such payment.

Default in the payment of any instalment by its due date will render all previous payments liable to forfeiture, and the allotment to cancellation.

Each applicant to whom an allotment of Stock is made will be sent a redeemable Letter of Allotment, which must be produced when the instalment payment is made. Letters of Allotment, which may be split up to 3 p.m. on 28th October, 1983, will contain terms of redemption which will be available up to 3 p.m. on 28th October, 1983. On payment of the instalment due on 12th October 1983, the Letter will be appropriately marked and returned to the sender. When payment in full is made, the Letter of Allotment will be appropriately marked and returned to the sender, unless the registration application form has been completed, in which case pages 1 and 2 only of the Letter will be returned to the sender.

Partially-paid Letters of Allotment may be split in multiples of £100 Stock but fully-paid Letters may be split in multiples of 1p of Stock. No Letters of Allotment will be split unless the instalment then due has been paid. There will be no charge for splitting a Letter of Allotment.

Stock Certificates will be forwarded on 28th November, 1983 by ordinary post at the risk of the stockholder(s) to the first named registered holder at his/her registered address, unless a separate instruction is received by the City Treasury. The Letter of Allotment has been lodged at the City Treasury for exchange for a Certificate. After 28th November, 1983 Letters of Allotment will cease to be valid.

A commission of 12½p per £100 Stock will be allowed to recognised bankers and stockbrokers on allotments made in respect of applications bearing their stamp and V.A.T. registration number if applicable. This commission will not, however, be paid in respect of any allotment which arises out of an underwriting commitment.

8. STATISTICS - Relating to the City of Bristol:-
Population June, 1981 (Registrar-General's estimate) ... 401,100
Rateable value - 1st April, 1983 (estimated) ... £50,800,000
Product of a rate of 1p in £ - 1982/83 (estimated) ... £508,000
Rate in the £, 1982/83 (City and County purposes) ... 201.22p
Not loan debt at 31st March, 1983 (estimated) ...

Relating to the services of the City Council ... £245,000,000
Relating to services transferred to other authorities ... 39,000,000 £284,000,000

9. Prospectuses and application forms can be obtained from:-
BUTLER, LAING & CRUTCHFIELD LTD., Piercy House, 7 Copthall Avenue, London EC2P 7BE.

PENDER, & BOYLE, P.O. Box 435, 30 Finsbury Circus, London EC2P 2HB.
NATIONAL WESTMINSTER BANK PLC, New Issue Department, P.O. Box 78, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BQ.
THE CITY TREASURER, The Council House, College Green, Bristol, BS59 7BL.

By Order of the Council
John A. Brown, City Clerk
Walter Miller, City Treasurer

The Council House, College Green, Bristol BS59 7BL
18th April, 1983.

The List of Applications will open at 10 a.m. on Thursday, 21st April, 1983 and will close at any time on the same day.

APPLICATION FORM
FOR
City of Bristol 11½ per cent.
Redeemable Stock 2008

Issue of £35,000,000 Stock at £98 per cent.

TO: NATIONAL WESTMINSTER BANK PLC;
NEW ISSUE DEPARTMENT, P.O. BOX 78, DRAPERS GARDENS,
12 THROGMORTON AVENUE, LONDON EC2P 2BQ.

I/We hereby apply for £ (say)

(I/We enclose the required deposit of £20 per cent, on the nominal amount applied for, and warrant that the cheque attached hereto will be forwarded on first presentation and agree that any allotment of Stock is made strictly on this understanding.)

SIGNATURE (1)

PLEASE USE BLOCK LETTERS

First Name(s) (in full)

Surname and designation (Mr., Mrs., Miss or Title)

Address (in full including postal code)

SIGNATURE (2)

PLEASE USE BLOCK LETTERS

(The spaces below are for use in the case of joint applications)

SIGNATURE (3)

PLEASE USE BLOCK LETTERS

First Name(s) (in full)

Surname and designation (Mr., Mrs., Miss or Title)

Address in full

SIGNATURE (4)

PLEASE USE BLOCK LETTERS

Applications must be for a minimum of £100 Stock or in multiples thereof up to £1,000 Stock.

Larger applications must be made in accordance with the following scale:-
Applications above £1,000 Stock and not exceeding £10,000 Stock in multiples of £1,000.
Applications above £10,000 Stock and not exceeding £50,000 Stock in multiples of £5,000.
Applications above £50,000 Stock in multiples of £25,000.

A SEPARATE CHEQUE DRAWN ON A BANK OR BRANCH THEREOF IN ENGLAND, SCOTLAND OR WALES MUST ACCOMPANY EACH APPLICATION FORM. PAYMENTS FOR £10,000 OR MORE MUST BE MADE BY BANKER'S DRAFT OR BY CHEQUE DRAWN ON A TOWN CLEARING BRANCH OF A BANK IN THE CITY OF LONDON.

NO APPLICATION WILL BE CONSIDERED UNLESS THESE CONDITIONS ARE FULLY COMPLIED WITH.

This form should be completed and sent to:-
NATIONAL WESTMINSTER BANK PLC, New Issue Department, P.O. Box 78, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BQ, with a cheque payable to "National Westminster Bank PLC" for the amount of the Deposit. Cheques must be crossed "Bristol Loan".

No receipt will be issued for payment on this application but an acknowledgment will be forwarded by post in due course, either by Letter of Allotment, or by return of Deposit.

Sal. Oppenheim jr. & Co.

Bankers since 1789



Summary of our Annual Report 1982

1981		1982
DM 3,581 million	Business Volume	DM 3,619 million
DM 3,161 million	Total Assets	DM 3,132 million
DM 2,737 million	Deposits	DM 2,685 million
DM 2,023 million	Bills and Advances	DM 2,026 million
DM 125 million	Capital	DM 130 million
DM 9,940 million	Consolidated Total Assets	DM 10,285 million

The Partners
Cologne/Frankfurt, April 1983

HOUSEHOLD TEXTILES

Why Portugal is worrying British manufacturers

By Anthony Moreton

SENHOR Alfredo Almeida points to the piles of towels in deep shades of blue, green, yellow and red. "Those are all destined for your British Home Stores. They are this spring's primary colours and will be in your shops in the next month."

Sr Almeida is director, and son of the founder, of Jose Machado de Almeida, known as JMA, the largest producer of towels in Portugal. One in every five terry towels sent abroad by Portugal leaves JMA's factory in the little village of Santo Martinho do Campo, some 20 miles outside Oporto.

A large proportion of them are destined for Britain. Sr Almeida's towels can be found in Tesco and Debenhams. He is selling to Asda, who puts on an Yves St Laurent label and will have them in Selfridges in London's Oxford Street.

Sr Almeida and his competitors in companies like Sampedro, Arco, Mondex and Intebis, all to be found in the industrial belt around Oporto, are worrying the life out of the British household textiles industry.

Towels, sheets, pillowcases, tea towels and bathrobes are flooding into Britain from all shades and designs from countries as diverse as Italy, the U.S., Belgium, West Germany, China, Israel, Spain and Holland.

But most of them came from Portugal. In 1980 one towel in three imported was Portuguese; by 1981 this had risen to almost one in two. Last year, it was almost two out of every three.

It is the same in bedlinen. Half the 25m sheets sold last year were imported, and 60 per cent of the pillowcases. Some came from Turkey, the U.S., Israel and Italy. But the vast majority were from Portugal.

The British industry has been decimated. Today, according to

Mr John Barton, chief executive of Courtauld's home furnishings group, fewer than 5,000 people are employed directly making household textiles. Five years ago there would have been at least twice as many, perhaps three times the figure.

That industry is dominated by four names. Courtaulds is the leader among the towel producers with its Christy, Lortit and Greenhills brands; it leads the way from Vantona-Viyella with its Horrocks label and Lounho with Accord.

In bedlinen the leader is Vantona-Viyella with Dorma brands. The other major producers are Lounho and Highams. The latter's main factories are in Royton, a suburb of Manchester, and Accrington, where it makes sheets, pillowcases, duvet covers, blankets and bedspreads under names such as Willow, Royal and French Collection.

It is not just the amount of Portuguese towels coming in that worries the British industry; it is also the price. Merchants can get them into the shops for as little as 99p. Good-quality ones may be had for £1.99. British ones would be at least £2 more.

Whatever you do about prices, Portugal will go on lower," Mr Barton claims. "Their imports have caused cutbacks in volume, caused margins to become insupportably low and played havoc with British mills. So long as they can sell their stuff abroad at any price will suit the Portuguese. Their costings really do not make any sense at all."

The same attitude is expressed by Britain's bedlinen manufacturers. Mr Peter White, chief executive of Vantona-Viyella's home furnishings group, says: "What worries us is that in many areas imports rise further than



A customer buying Portuguese-made towels in Selfridges, London. Although most of the store's towelling is British, some Spanish and American-made items are also stocked

they are supposed to under international agreements because we are slow to react to any surge.

"The consequence is that volume is depressed in Britain and prices are equally in the doldrums. Countries which break the rules are not necessarily better than us in productivity or efficiency but their industries receive enormous Government assistance. Portugal is no longer a cheap producer, but its pricing policy is anomalous, given its wage rates."

Mr Terry Wheeler, joint managing director of Highams, adds: "We are not an inefficient firm. We have the most modern finishing plant in the country and we have made a lot of strategic investment in our plants. We have put about £2m into spinning in Royton

alone. But even that has not been enough to keep the Portuguese at bay."

Portugal's strength in the British market arises not only because of its prices but also through its historic political links with the UK. Because the two countries were once linked as members of the European Free Trade Association, Portugal was given special access to the UK when the latter joined the EEC in 1973.

That access is governed by a voluntary restraint agreement under which Portugal was allowed to send the UK 10,300 tonnes of sheets, tablecloths, washing-up towels, curtains and towels last year. Within this total the Portuguese agreed not to send more than 5,000 tonnes of bedlinen, and if the bedlinen allocation was not fully taken up the difference could

be shipped to the UK as towels.

In fact, Britain's trade statistics show that Portugal sent just over 15,000 tonnes of all household textiles, of which almost 6,800 tonnes were sheets and pillowcases.

To add to the British industry's worries the EEC has just agreed, as part of the Portuguese run-up to Community membership, that the country can increase its supplies to the UK by 7.5 per cent a year between now and accession, a rate which will rise progressively during the first three years after accession.

After that, Portugal will have free access to the UK. Mr J. Bowers, group director—manufacturing, of Westland, says: "On the assumption that Portugal joins the EEC in 1984—an assumption over which there are increasing doubts within the country—it would be entitled to send the UK around

19,000 tonnes in 1987, after which there will be free access. According to the British Textile Employers Association in Manchester, the industry's trade body, imports from Portugal could over the next five years increase by at least 35 per cent and the rise might be as much as 50 per cent.

Unofficially, Portugal admits that the restraint agreement has been breached. To administer the system the Portuguese issue export licences to companies based on the previous year's performance. But there are ways round this.

There are many complaints within the British industry that Whitehall, and the EEC in Brussels, which has overall responsibility for imports, is lax in monitoring the agreement.

British complaints that the Portuguese set export prices to suit the market, and without reference to production costs, have considerable substance. Prices in Portugal are commonly higher than those abroad.

Sr Nuno Soares de Carvalho, director general of Intebis, admits that "we try to keep export prices low in order to get into overseas markets. This is a very competitive market and we have to compete aggressively." Sr Sampedro, a big producer of sheets, which exports about a third of production to Switzerland, Sweden, France and Angola, it was said that export prices were "probably 10 per cent lower than we charge to the domestic market."

Best wages in the textiles industry average around 14,000 escudos a month, with a slightly lower average in the garments sector. Most firms, however, pay an attendance bonus, have to pay a month's holiday pay and a further

month's pay at Christmas. There are extra allowances, ranging up to 50 per cent, for shift work. When all this is taken into account a worker might get around £38 a week.

Wages in the Portuguese industry are low, but productivity is high because of new computerised technology which can produce long runs at high speed. Furthermore, the Portuguese have improved their design and quality out of all recognition in recent years.

At JMA the company has invested some £1m in the past four years, according to Sr Almeida. "The average age of our machines in the spinning mill is eight years and we have been told by Times, the manufacturer, that our dye house is the most modern in Europe. It was only installed in 1981 and dries 500 kilos an hour. It is particularly economic in energy."

"We are now in the final stages of building a 54,000 sq ft spinning mill which will be the best in Europe. It will produce 10 tonnes a day from just 18 workers. Textiles is now about high technology, not workers. Its about spending money on new machines."

Other companies have done the same. Sampedro claims, on the basis of what the manufacturer told it, to have the "biggest printing machine in Europe."

Arco has spent more than £1m on a new spinning room and shuttleless weaving looms. Intebis claims to have doubled its output in the last three years through the installation of new machinery.

The Portuguese deny they get any assistance from their Government towards new machinery other than soft loans geared towards exports. They can get a rebate of up to 10 points on the borrowing rate from the

banks, which is now around 27 per cent, depending on the amount of their exports.

Sr Avelino Resende, director of Arco, said that "most of our finance comes from our own resources and it is the same throughout the country. The textile industry here is largely privately-owned and there is a tradition of ploughing money back into the company. We have a policy of low dividends. We are a very bad company for our shareholders."

"We write off machines at a very quick speed. In some cases within three years."

British industry, too, has been investing heavily. At Vantona-Viyella's Fold Mill in Bolton there are 250 modern looms in its weaving shed, each of which cost £25,000. Only 40 people man it.

Courtauld's Ashton subsidiary at Hyde, in Manchester, has one of the biggest weaving sheds in Europe, all of which has been re-equipped in the past five years. Each of its looms is worked over three shifts for five days. Highams has new machinery. Lounho's plant at Crumlin, outside Newcastle, has 600 looms, all virtually new.

But the industry is still unable to compete with towels at 99p each or a single polycotton quilt cover and matching pair of pillowcases for £3.66. The Ashton plant at Hyde "has hit 72 tonnes a week, cruises like a Rolls-Royce at 62 tonnes and has been at times turning out 45 tonnes," according to Mr Barton.

The trouble is, in the words of Sr Avelino Resende, export marketing director of Samedos, "Portugal is becoming the wardrobe of Europe. The textile industry is moving south. We have the machinery, the skills, the design and the quality to meet what people want."

APPOINTMENTS

Gallaher Tobacco research director

Dr R. R. Boral has been appointed research and development director of GALLAHER TOBACCO. Dr Boral, who will be based in London, joined Gallaher's research and development department in Northern Ireland ten years ago.

Mr Charles Allen has joined FLUOR EUROPE as manager project financing. He joined Fluor Corporation's project financing group in California in 1981, and was previously a director of Hill Samuel and Co.

Chairman and managing director of FROST AND REED (HOLDINGS), Mr S. W. Wade, has retired after more than 50 years' service. Lord Harlech has been appointed non-executive chairman, with Mr A. G. Nevill as managing director and Mr C. D. B. Kingst as assistant managing director. Mr E. G. Butler, company secretary, and Mr G. E. McWatters have also joined the holding company

board. Lord Harlech is chairman of HTV Group of which Frost and Reed is a subsidiary. Mr A. G. Nevill joined the company in 1967 and was director in charge of the Clare Street, Bristol, gallery until 1977 when he returned to the Bond Street gallery in London.

Mr Peter J. Prior has joined the board of HOLDEN HYDROMAN as a non-executive director. He was formerly chairman of HP Bulmer Holdings of which he is still a non-executive director.

Mr F. Russell Barratt and Mr Jeremy Hardie have joined the board of AMDAHL (UK) as non-executive directors. Mr Barratt was deputy secretary, public services, at the Treasury. Mr Hardie is deputy chairman of Alexander's Discount Company.

Mr Anthony E. Luke and Mr Rupert White have joined the

board of DAVID SHEPPARD AND PARTNERS.

Mr Michael Gibson has been appointed deputy director, marketing, of LLOYDS BOWMAKER FINANCE GROUP. He was group marketing manager.

Mr Malcolm Wilcox has been elected a director and a deputy chairman of REA BROTHERS.

Mr R. M. Davey, who is an executive director of N. M. Rothschild and Sons, has been appointed a non-executive director of EXCO INTERNATIONAL.

Sr Timothy Kitten has been appointed chairman of the PROVIDENT FINANCIAL GROUP on the retirement of Lord Chelmer. Mr F. W. Bretherton, company secretary, has been appointed a director of the group.

Mr E. Q. Bashforth and Mr T. G. Robson have been appointed to the board of HICKSON AND WELCH (HOLDINGS). Mr Bashforth is managing director designate of Hickson's Timber Products and Mr Robson is managing director of William Blythe and Co.

Mr Graham Hurst, a former chairman of companies within the Charterhouse Group, has been appointed a non-executive

director of CONNAUGHT EXECUTIVE MANAGEMENT SERVICES.

Mr R. R. Pearson has relinquished the role of managing director but remains chairman of DAVIDSON RADCLIFFE. Mr C. J. Bushell has been appointed managing director having been deputy since 1976. Davidson Radcliffe is the paper, board and packaging subsidiary of BPB Industries, of which Mr Pearson and Mr Bushell are also directors.

Mr Alan Essex has been appointed a vice president of MELLON BANK based in London. He will be responsible for the bank's business development within the Nordic countries.

CONTRAVES INDUSTRIAL PRODUCTS, of Ruislip, has appointed Mr K. Pfister to the board. He is manager of financial accounting for the Swiss-based Contraves Group and a director of three other Contraves overseas trading companies.

TOWCO has appointed Mr Alan Perna as divisional director for maintenance, smaller works and energy management systems. He comes from Haden Maintenance where he was national sales manager. Mr Eddie Molnar has been appointed divisional director for the electrical

division. He comes to Towco from Balfour Kilpatrick where he was Midlands branch manager.

WESTLAND has formed an aerospace division to unify the business activities of the existing Westland Helicopters Industrial division and the aerospace division of the British Hovercraft Corporation. Mr P. M. H. Ryan has been appointed director responsible for the new aerospace division, reporting to Mr J. Bowers, group director—manufacturing. The new organisation will expand the non-helicopter aerospace activities of Westland through the development of new products and involvement in major aerospace programmes. New products recently launched include a composite retrofit rotor blade for the S61 helicopter and a computerised laser cable marking machine.

Mr F. R. Kerry will retire as chairman of FINE ART DEVELOPMENTS at the annual meeting in 1984. Mr D. R. Barnes will succeed as chairman and in the meantime is appointed deputy chairman. Mr J. F. Parker is appointed managing director.

The PENINSULAR & ORIENTAL STEAM NAVIGATION COMPANY has appointed Mr A. M. Robb as finance director. Mr Oliver Brooks, previously finance director, has retired but will continue as a managing director until June 30.

CALA HOMES has appointed Mr David Gill to the board of its principal Scottish operating subsidiaries. Cala Homes (Aberdeen) and Cala Homes (Lothian). He joined three years ago.

Mr Ann Lee has been appointed a director of PART TIME CAREERS. Mrs Lee, who joined the company two years ago, formerly held personnel training positions with Jaeger and Marks and Spencer.

PRIME COMPUTER has appointed Mr Richard Mott as managing director of Prime Computer CAD/CAM, formerly Compeda. He has been a Prime manager for five years.

Mr J. E. Dykes has been appointed director of overseas operations at the PRESTIGE GROUP with responsibilities for export sales and for subsidiaries in Sweden, South Africa, Australia and New Zealand. He has relinquished his position as company secretary and has been succeeded by Mr A. E. W.

Carrington, legal advisor to the group for four years. Mr W. E. Jacques has been appointed divisional director in charge of subsidiaries in Belgium, France, Germany, Holland and Italy. He was previously financial controller of these companies.

Mr Dennis O'Connor has been named director of product marketing for APPLE COMPUTER (UK). He was head of the advanced systems division at Rank Xerox.

Mr Norman Tribble has been appointed director of RELIANCE TRUST and Colonel Douglas Kit has been appointed director/manager.

Mr Henry "George" Deller, formerly a director of DMI Cornelius (UK) and Mr Frederick Colin Plann, managing director-designate of Panda Soft Databas, are to join the board of CAVERMOOR as non-executive directors. They succeed Mr Michael Hoare who resigns to devote more time to his other business activities, and Mr Jack Woodhouse, currently managing director of Panda Soft Drinks, who is retiring.

At the BANK OF ENGLAND Mr C. J. Farrow has been appointed an assistant director in the finance and industry area from mid-May. He is at present on secondment to Kleinwort, Benson, from the Department of Industry, where he was appointed under-secretary in 1981.

Mr Mark St Giles has been appointed chief executive of GT UNIT MANAGERS and managing director of GT Investment Management Company SA (Luxembourg), management company for the GT Investment Fund. He is resigning from the boards of Hambros Bank and Allied Hambro Group and will take up these positions at the end of this month.

PUNJAB NATIONAL BANK

Hereby announce

THAT WITH EFFECT FROM
18th APRIL, 1983

THEIR BASE RATE WILL BE
10½ PER CENT PER ANNUM
TILL FURTHER REVIEW

Base Rate Change
BANK OF BARODA

Bank of Baroda announce that, for balances in their books on and after 19th April, 1983 and until further notice their Base Rate for lending is 10% per annum. The deposit rate on all monies subject to seven days' notice of withdrawal is 6½% per annum.

Somehow London seems a lot more intimate when you stay at the Park Tower. For a start you can see rather more of it—and not just because we're a short drive from the City and leading embassies. And a walk away from the fashionable bustle of Knightsbridge and the peace of Hyde Park. Our bedrooms, as well as being the largest you'll find anywhere in the

capital, offer you an exceptionally wide-angled view of it.

At first we were going to show you shots of our private meeting rooms, lounge bar and luxury restaurant. But then we thought a view of the neighbourhood might be more appropriate.

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BY ELAINE WILLIAMS

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OPERATING RESULTS		
	Quarter ended	31/12/27
	31.3.1928	31.12.27
Gold	31,12,1928	31,12,27
Oil drilled (th)	594 000	577 000
Oil produced (gal)	1,000,000	1,000,000
Tire sold	1,000	1,000
Oil (th)	1,000	1,000
Cost (th)	50 50	50 50
Profit (th)	70 50	70 50
Cost (th)	70 50	70 50
Profit (th)	33 50	33 50
Cost (th)	33 50	33 50
Gold price received (th)	16 25	16 25
Oil	16 25	16 25
Uranium oxide	508 647	508 647
Oil produced (th)	67 424	67 424
Oil	8 133	8 133
FINANCIAL RESULTS 00000		
Working Profit	847 778	847 778
Working Profit	847 778	847 778
Sundry revenue (net)	81 236	81 236
Profit before taxation and State's share of	929 014	929 014

Taxation and State's share of profit	R35 256	R2
Profit after taxation and State's share of profit	R25 001	R2
Capital expenditure	R3 914	R2
Dividend declared	R2 809	R2
Loss (less refund (1976)		

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 500 000. Capital expenditure for the remainder of the current financial year is estimated at R2.0 million.

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	Quarter ended	Quarter ended	6 months ended
OPERATING RESULTS			
Tons sold—metric	574,512	512,178	74,313
Tons sold—imperial	59,611	52,821	6,792
Working proposals per ton	70.82	86.20	86.43
WORKING RESULTS			
Working profit	R21 878	R21 829	R45 616
Working cost	2,961 524	2,884 540	586 064
PROFIT BEFORE TAXATION	R21 828	R21 493	R45 421
Taxation			
PROFIT AFTER TAXATION	R21 828	R21 493	R45 421
Capital expenditure	R17 512	R18 464	R35 976

Drillings and exploration expenditures—incurred in net mining revenue—(a) included in capital expenditure	R4 539	R5 200	R5 739
Dividend declared	R177	R152	R329
SUBTOTAL	R11 065	—	R11 065
SOURCES OF FUNDS AUTHORIZED BY HOLDING COMPANY			
Short term			R998
Long term			R23 796
Total interest paid (R2 152 000 capitalised)			R2 249

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R43 959 000. The special dividend of R100 million is not available for capital expenditure.

Dividend No. 153 of 150 cents per share was declared on 14th April 1953.

payable on or about 20th May, 1963 to shareholders registered at the close of business on 29th April, 1963.

The listed price will increase from 1st April 1953.

14th April 1963.

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THE ARTS

London galleries/William Packer

The provincial and the practical

Art usually begins at home, and the artist of course will make his friends amongst his fellows, who share his general principles and particular interests, whether practical or imaginative. There is indeed a natural and inevitable provincialism about the business, and it is not unhelpful, for it makes the reputation as it focuses the critical attention, giving it all a local habitation and a name; Fontainebleau, Barbizon, Camden Town, St Ives, Pont Aven, New York.

But sometimes we look rather to the heroes we love for justification of our interest and, where those heroes do not figure, dwell rather too censoriously upon the limitations and disadvantages of just that same provincialism, to dismiss the work at last as minor, dull, worthy, unambitious, limited.

We do well to remember, after all that our taste is fall of what can only be to the foreigner the obscure and narrow product of our artists over many centuries, and that there are as many pleasures and surprises to be got in browsing through the local schools in any of the great national collections as there are in the provincial ones.

And so it proves: the sequence of landscapes by the young Mondrian, painted at the turn of the century and very beautiful in themselves—the low horizons and the wide skies, a line of trees beside the water, a windmill high against the light, all reduced to a soft and delicately shimmering silhouette—whatever else they might hint at in the subsequent development of his work, they do not serve rather to turn us back to the unaffected simplicities of Weyden, Bruegel, and their own view of themselves as heirs to the great tradition of Dutch landscape painting, two hundred years on.

And with van Gogh too there is this same and immediate sense of personal identification with this same tradition, with landscape painting of course, directly observed and as directly expressed, but also with the observation of rural and domestic life, humane and committed genre. And though it may be that Josef Israels peasants in their bleak hovels have not quite the same force as those of Millet, perhaps, or of van Gogh himself, the statement is honest enough and not inconsiderable in itself, and the tradition is the same and goes back just as far in Dutch art.

Just said, it must not be sympathy that these are merely competent artists whose preoccupations are academic and nostalgic. They are all manifestly of their time, and whilst they may have remained very close to home in their work, there is no reason to suppose any lack of awareness of contemporary activity and development. Three of the most interesting members of the school are the Maria brothers, especially the two elder, Jacob and Matthijs.

With Jacob, the breadth and simple confidence of his handling, and the boldness of his composition, find rather



Detail from "A Monk and Three Musicians" by Carpaccio

more than an echo in the impressionist adventures of the time, and their consequences: his truncated, truncated, of 1872, a long, low painting of the banks of a canal for me the best picture in the show. And there is Matthijs with his tiny, charming genre illustrations, his peasant christening processions of the streets that might as well be out of Post Aven a generation later.

The exhibition of the work of The Hague School, subtitled Dutch Masters of the 19th Century, that has come from the Grand Palais in Paris to the Fine Rooms of the Royal Academy (until July 10, then back to The Hague itself—

so potent and crucial an influence upon the turn of Modern Art, that it still seems extraordinary to too many people, that they should ever have given these honest and comparatively pedestrian local the time of day.

There are one or two points to consider: first, great artists may value and honour their first teachers more the less, and there is no rule to say that the great teacher must be a great artist himself. Second—he may, however, be rather good, but it is very hard to find him with the greater achievement and distinction of any sometime protegee. Third—the effect upon the pupil may be real, lasting

Pirelli, and the Arts Council. Drawing in the Italian Renaissance Workshop is in fact a study of the practice of drawing in the 15th century, as its disciplines evolved and ramified from technical exposition and device, often at the hand of the apprentice, towards the more fully achieved personal expression.

The technical information we get, therefore, is fascinating, both in terms of actual practice and of professional context, the niceties of silverpoint demonstrated, for example, along with the use of model books and sketch books, draperies fixed in plaster, the figure itself, all coming together in the normal routine of a studio. But the show remains rather short of masterpieces, one or two ravishing drawings towards the end, a few portrait heads by such as Giovanni Bellini, Ghislandi and Bartolomeo Montagna, and some exquisite fragments from Carpaccio and de Vries amongst others, but for the most part it is the circumstantial qualities of these things, even perhaps the bare chances of their survival, that hold our interest, rather than anything aesthetic.

Certainly the copious labels supplied to each exhibit would have done better to confine themselves to their legitimate scholarly technicalities, rather than dilute so egregiously upon finer qualities that are debated, to say the least, it is not historical significance, nor even the signs of graphic adventure and development that make a drawing necessarily a work of art. Drawing as part of the slow and steady march towards the completion of the final work, functional and practical, straight-forward and unaffected, is no mean thing itself, and quite enough for any such curatorial exercise as this.

The connection of any great artist to a particular school suggests that there may be more to that school and its work than we had at first supposed

sponsored by Unilever with help from the Arts Council, makes a perfect demonstration of the case. "Masters" is a loaded word, and here perhaps a shade over so, but for all that the evidence of the galleries suggests that here are represented at least several painters who have been unfairly and wastefully neglected these last 80 or 90 years. And part of the pleasure of the exhibition is that the younger company they kept for the group has clearly suffered by the very associations which have ever saved it from obscurity.

Vincent van Gogh was so great an artist, Piet Mondrian

Philharmonia/Festival Hall

Andrew Clements

The German Requiem is to Brahms what the third symphony is to Mahler, the single work that sets the true distance apart from the fellow traveller. Everything else loves or loathes in Brahms is contained in the Requiem.

I confess, towards the second category, but perhaps exposure at an early age to an account as savagely dramatic and beautiful as Bernard Haitink's on Sunday with the

Philharmonia Chorus and Orchestra might have set me on the faithful path. Hearing Haitink conduct the Philharmonia twice within a week to near-capacity audiences would seem to be some of the evidence of the quality of performance they can expect from him; if anything the excellence of this concert was greater than that of Wednesday's Elgar. Haydn's Oxford Symphony, no

82 in G major, began the programme as a deceptive make-weight yet was so superbly delivered, shining bright with every rhythmic carefully picked out, its woodwind detail finely woven in, that one could have gone home content after 25 minutes' music, without the doubtful prospect of the Requiem.

It is easy to make much of Brahms' choral writing bland

and mellifluous, harder to invest it with the lucidity and warmth provided here. The dramatic set-piece fugues at the end of the third and sixth movements were furious, almost dangerously intense affairs, dangerous in that one feared the expressiveness might be breached. Yet their stinging accuracy—the Philharmonia Chorus on excellent form—set aside all

with Raima Kabeivanska in the title role; Die Vier Grobianen and Manon Lescaut. The latter is produced by Giancarlo del Monaco featuring Raima Kabeivanska in the title role. Chorus: Dimitrova triumphs in Toca (21:51).

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Musik Bayerische Staatsoper: Don Giovanni with Edith Mathis and Stafford Dean, Madame Butterfly

Canada's musical melting-pot

The Toronto Symphony Orchestra and its British conductor, Andrew Davis, returned home with reinforced prestige after their tour of British and continental cities. "Home" is the Roy Thomson Hall, a low, pudding-shaped structure beside which the CN Tower shoots up 1,800 feet to loom in its description as the world's tallest monument.

Since last autumn's inauguration of the hall, reported in these columns by Andrew Potter, argument has not ceased on its acoustical and other properties. In a well-publicised incident, James Galway recently walked off stage in mid-concert complaining that his music-sheets were being disturbed by draughts, presumably from the air-conditioning system. But my own experience in hearing several concerts both during the resident orchestra's absence and since its return, left me well satisfied with the clear, balanced sound, no less than with the spacious welcoming foyers of the hall.

Just as the Toronto orchestra unveiled its national colours in Britain with the work of a Canadian composer, Steven Gellman, of whom few Canadians had heard, so the visiting Dresden State Orchestra offered a recent work by the little-known Udo Zimmermann (b.1943). His *Sinfonia come un grande lamento*, a tribute to Federico Garcia Lorca, stretches some 17 minutes and is full of large, exhibitionistic orchestral gestures, particularly for percussion. I reached out in vain for any meaning beyond that.

The solid competence of the orchestra and its Swedish conductor, Herbert Blomstedt, was demonstrated in Beethoven's Seventh Symphony, but my pleasure was marred by the exceptionally high standard of pitch, which the orchestra favours and which imparts a sense of strain.

Of more significance, for a visitor and for Toronto's own musical public alike, was the first local appearance of the Ottawa orchestra since the appointment of its new, 50-year-old Italian conductor, Franco Mannino. Toronto stands as the metropolis, Ottawa, despite being the federal capital, is the cultural outpost. The National Arts Centre Orchestra, as the Ottawa ensemble is called, is not of full symphonic strength but of "classical" or "Beethoven" size.

For its Toronto programme, Mr Mannino's choice was extraordinary—one work by Haydn, the "Surprise" symphony; one by Richard Strauss, the "Metamorphoses" for 25 solo strings; and two by Rossini, an early sonata for strings (no. 3 in G) as well as the overture to *L'italiana in Algeri*. Still more

domain is under invasion by the "early music" forces at one end and the specialist contemporary ensembles at the other—will be determined by harder-headed qualities.

The return of the Toronto Symphony Orchestra took the form of an extraordinarily interesting programme—the kind that displays Andrew Davis's enterprise and skills so well, boldly presented twice over as part of a subscription series here but hardly thinkable in London, unless with the BBC behind it. Dvorak's cello concerto, excellently interpreted with Lynn Harrell in the solo part, ended the programme; B. Messiaen's *Les églises oubliées* began it, with a superb glow of upper strings in the final bars.

The British composer George

sign of God's appeasement and promise, was there all the time. The Ark had superfluous humans but, as my 9-year-old Canadian companion remarked, "no kangaroos." Andrew Davis's own introduction was not well thought out, and Patricia Kern (so admirably remembered from the English National Opera) was an under-powered Mrs Noah. John Dodington was an excellent Noah, Jan Rubes a compassionate but unfortunately visible "Voice of God".

If this was semi-opera, I suppose that *La Fanciulla del West* might merit the designation "opera proper"—but not at the O'Keefe Centre, with vocal and orchestral sound microphoned and coming from the wrong direction. It is a disgrace that Toronto, a city of over 2m, should locate the Canadian Opera Company there. Even Puccini's spaghetti-Western is a silly and barely acceptable story to inferior music, deserves better than that. The audience applauded the horses, a sound judgment. On one of them, Johanna Meier (soprano) rode in to take her curtain-call. Earlier she walked heavily, sat in an awkward and unattractive manner with legs apart, and did not match the true, Italian-style vocal distinction which Giorgio Lamberti brought to the role of Johnson.

At the University of Toronto's Opera School, Purcell's *Dido and Aeneas* was lauded by the decision of Michael Albano as stage director to keep the chorus off-stage and further lamed by a small but gratuitous intrusion in Aeneas's part. To the generally inapprehensible singing there was a shining exception—that of Sung Ha Shin (Belinda), whose first language is Korean, her second Spanish, and her third English. She gave me much pleasure, and provided a reminder that Toronto's musical world is as much of a multi-national melting-pot as that of any British city.

ARTHUR JACOBS

La Gioconda/Barbican Hall

David Murray

Ponchielli's *Gioconda* in concert performance, subsidised, with splendid voices and the London Symphony in support—this could only be a *Gioconda* (or Meyerbeer's *Huguenots*, or Giordano's *Andrea Chénier*) certainly gains by lavish staging—it was calculated for that—the expense-gate between a plain and a splendid production, which presumably recoups its own costs, and a full production at the Royal Opera, which emphatically doesn't, is hard to justify for so specialised a genre of singing at the Barbican, who knows?—the market for videotapes of grand opera will expand enough to make argument close, with home-viewing supporting the costly live exercise.

Meanwhile, neither concert nor public prudence raises problems for the Davis-Stevewright series, and those so

inclined can relish these offerings to the full. The action of *La Gioconda* is risible cloak-and-dagger in Venice, with an expertly designed text by Soto, but that sort of authority may come. Her faithful tenor was Plácido Domingo, in slightly unpredictable form—pitch wandered a little—but often with a resplendent ring, and with the noble command of style that sets him apart from competitors: arched phrases, virile elegance. Piero Cappuccinelli's evil Barnaba was bluntly forceful—effective and intelligent, but displaying only a little of the fustian one first adored. The lesser villain was confidently, attractively sung by the bass Rodney Macann, and the black American mezzo Barbara Conrad made an exciting impression as his erring wife—smokey, luscious tone on a generous scale, fervent attack.

The conductor Antonio Guadagno worked the LSO like a man possessed which added a pleasing visual element to the proceedings. The *Gioconda* herself ("a ballad-singer") was the Bulgarian soprano Ghena Dimitrova: smooth, powerful

Andor Toth/Wigmore Hall

Dominic Gill

It was a pity that so few turned out on Sunday, in London's rain, to hear the American violinist Andor Toth, but perhaps not entirely surprising—his playing is better known as the leader of the New Hungarian String Quartet, and this was in fact his first British appearance as a recitalist.

He is an exceptionally cultivated soloist, agile, warm-toned, unshowy, in every gesture directly and musically to the point, and in the best sense

old-fashioned—concerned less with bravura display (although the technique is impeccable) than with finding and using the most aptly expressive resources of his instrument. The sound-world is of dappled light and shade, and where needed he is the purest vocal utterance. He caught exactly the ambiguous sharpness of sadness of the allegretto of his opening piece, Schumann's A minor sonata, and the dancing surge of its animato finale. His quartet

lineage was emphasised in Bartok's first sonata by a faultless sense of line and proportion—the slow movement's sudden shifts of gear were immaculately placed; the last was splendidly incisive, through every relaxation taut to breaking point.

One has heard performances of Bach's D minor Chaconne that had more powerful drama, but few so unerring in their pacing and dramatic shape. To

last work on his programme, Saint-Saëns's D minor sonata, was a model of lyrical poise and easy elegance, in every measure generous and lucid—fired with an exciting smoky gleam in the finale (a real fierce *prestissimo* rather than mere *allegro molto*). His accompanist, reliable, responsive and not afraid of boldness when demanded (though nearly rushed off her fingers at the end of the Saint-Saëns), was Jean Barr.

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Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 15-21

Opera and Ballet

PARIS

Internationales Ballet Zentrum Berlin—Theatre des Champs Elysees (06050577).

London Festival Ballet La Sylphide with Natalia Markova, Eva Botikova and Peter Schaufuss. TNP-Chatelet (261 2953).

La Traviata conducted by Alain Lombard at the Opera Comique—last days (206 0611).

ITALY

Milan, La Scala: Lohengrin conducted by Claudio Abbado and directed by Giorgio Strehler; Tchaikovsky's *Sleeping Beauty*.

Venice, Teatro Malibran: Carolyn Carlson dance performances.

LONDON

Royal Opera, Covent Garden: Don Carlos in French and in the little-known original Paris version, makes for a long, heavy five hours in the Royal Opera's exceedingly lacklustre revival, conducted by Bernard Haitink. Poulenc's *Carmen*, not seen here for more than two decades, returns (in English) with a splendid cast led by Felicity Lott, Regine Crespin, Pauline Tierney, and Valerie Masterson. The Don Pasquale series has two sweet-voiced romantic leads in Luciana Serra and Francisco Araiza, and Gerard Cross repeating her famous account of the title role. (240 1066).

English National Opera, Coliseum: The Force of Destiny, though un-

equal in some of its components, good with energy and force, thanks above all to the magnificent Leonora of Josephine Barrow and the splendidly expressive conducting of John Mancori. Paderewski returns for another round of performances. (236 2181).

WEST GERMANY

Berlin Deutsche Oper: La Bohème with Pilar Lorengar; Don Giovanni sung in Italian; a new production of The Merry Wives of Windsor with Alfred Kuhn as Sir John Falstaff and Norma Sharp as Mrs Falstaff; Ein Maskenball. (53 81).

Hamburg Staatsoper: Der Liebestrank with a cast headed by Giuseppe Taddei; Die Trojener with Karin Armstrong and Harald Sliem in the main roles; Eugen Onegin with Wolfgang Schöen. (311 51).

Frankfurt Opera: Adlon Kurda triumphs in the title role of Madame Butterfly conducted by the talented young American Judith Schemm. Tannhäuser is presented with Karl Ridderbusch and Maria Stiharu in the leading roles. Don Giovanni with guest singer Judith Beckmann as Donna Elvira will be presented for the last time this season. Die Hochzeit des Figaro is perfectly cast with Judith Beckmann and Roland Hermann as Graf and Gräfin in *Alceste*. Un ballo in maschera with outstanding tenor Luis Lima closes the week. (256 21).

Munich Bayerische Staatsoper: Don Giovanni with Edith Mathis and Stafford Dean, Madame Butterfly

with Raima Kabeivanska in the title role; Die Vier Grobianen and Manon Lescaut. The latter is produced by Giancarlo del Monaco featuring Raima Kabeivanska in the title role. Chorus: Dimitrova triumphs in Toca (21:51).

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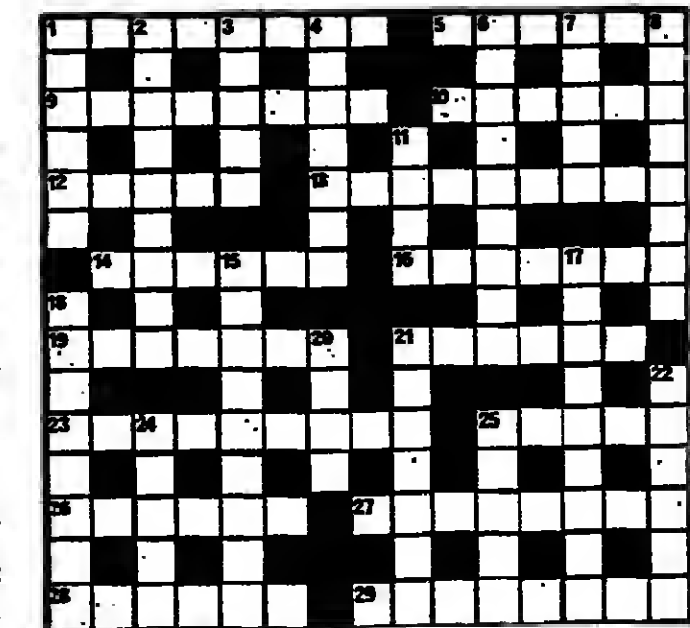
F.T. CROSSWORD PUZZLE No. 5150

ACROSS

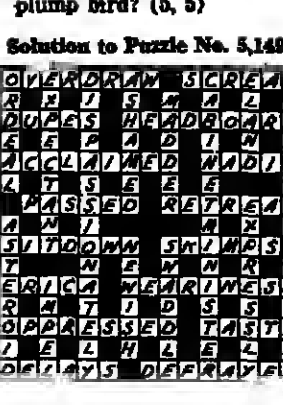
- A measure of power for a 2 changing into Scots dress (8)
- Keep an appointment to expose (4, 2)
- German writer would be readable (8)
- Non-violent attempt to get money—a copper, lady? (6, 5)
- Word-book depicting the final stage of prehistoric reptiles (9)
- Great lover takes the wrong road with hesitation (6)
- Diabolical match? (7)
- Change of policy about a large number of games? (7)
- In tears—such a shame! (6)
- First person in France gets funny about marketing of automobiles (9)
- Repeat concerned with dog (5)
- Money is most of the trouble (4)
- From 11 down, heard by cockney infants? (3, 5)
- Artist's food is vegetable (6)
- Saint at home to post, a dangerous job (5-3)

DOWN

- King, at a price, gets the chop (6)
- Work 24 hours on 1st May (6, 3)
- Decamp from the principal city of south made by one who taunts? (7)
- Archibald starts further up, we hear, in the pecking order (9)
- Treasurer's pew operated hydraulically? (5, 8)
- Vegetable on plate produces some laughter, perhaps (4)
- Railway of up and down trains? (9)
- I leave travelling guide outside New Jersey—he's tricky (8)
- Not much consolation for doctor of 11507 (4, 7)
- Irish as a loaf? (6)
- Petition for extremely



Solution to Puzzle No. 5149



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Tuesday April 19 1983

Snub for U.S. regulators

WITH THE international banking system still in fragile condition there is bound to be some disquiet at the sight of Congress singling out the U.S. bank regulatory authorities over the form of future curbs on foreign lending by American banks.

By Western European standards the package of measures for tighter supervision and control put forward recently by the heads of the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Comptroller of the Currency looked anything but tame. In addition to tougher monitoring of country risk and increased disclosure, the proposed guidelines covered new rules for accounting for fees on loans and a systematic approach to providing against questionable foreign loans — all this within the context of closer co-operation with foreign central banks and the International Monetary Fund.

Yet the Senate Banking Committee had little hesitation last week in dispatching the regulators unceremoniously with instructions to turn their guidelines into legislative form. When the House Committee on Banking, Finance and Urban Affairs conducted its hearings this week, hawish noises can also be expected.

Incantations

A big increase in the IMF authorisation is widely felt in the U.S. to amount to a bail out for the banks, whose incantations to Mexico, Brazil, Argentina and others helped precipitate the problems to which the IMF is addressing itself. Few politicians are keen to be seen to rescue the banks — never a popular cause in the U.S. — without extracting an appropriate price.

Congressmen can scarcely be blamed for treating the regulators with something less than total respect. Much of the present malaise in banking stems from the growth of the Eurocredit market, which has resulted in excessive dollar lending by non-American banks, and the growth of the inter-bank market, which created the dangerous illusion among bankers during the period of petrodollar recycling that the maturity of loans could be lengthened at will.

The central bankers did not respond to these structural changes in the system with the

natural conservatism and concern on which they pride themselves; and they cannot escape a share of the blame for the reactionary impulses that financial fear has now imposed on the world economy.

That said, there is indeed something worrying about a systematic approach to providing against questionable foreign loans — all this within the context of closer co-operation with foreign central banks and the International Monetary Fund.

Statutory ceilings on country lending might reduce the flexibility which is essential in trade financing. However, they would probably have provided total protection against problems on the scale that the banking system now faces: some bad debts are inevitable. Moreover, the fixing of specific limits could well be accompanied by political friction in relation to individual countries.

On balance, the case for leaving judgments about credit in the hands of bankers is more persuasive, even if past history appears to lead to only modest success. But it remains to be seen how much discretion any future legislation would concede to the American regulatory authorities. Ideally, statutory measures should add strength to the powers of the regulators in preventing a repeat of the present problem and imposing a more realistic approach among the banks to both provisions and disclosure.

They should also be seen within a wider framework. The problems of the world banking system have already led to increased co-operation between central banks over supervision, and indeed between private bankers who have set up the Institute of International Finance in Washington to identify potential liquidity problems. It would be unfortunate if Congress were to embark on legislation that reduced the capacity of American regulators to respond flexibly to the demands of international co-operation.

A watchdog for state industry

NATIONALISED industries should be accountable to Parliament. In the absence of outside shareholders MPs should have the right to scrutinise the large sums of taxpayers' money the industries receive. On that there should be no dispute. But disagreement among MPs about the right method of accounting is threatening the whole future of Mr Norman St John-Stevens's private member's Bill proposing the reorganisation of state audit.

The Bill originally said that the Comptroller and Auditor General, who mainly audits central government on behalf of Parliament, should be allowed access to the books of nationalised industries. The Bill received overwhelming support from MPs at second reading, yet this provision has been strongly criticised by the industries themselves on grounds varying from intolerable interference in management to possible threats to future privatisation.

Industries in receipt of large state subsidies and not noted for efficiency have been joined in a rare display of unity by unions eager, for once, to defend risk-taking and profit-maximisation.

Realities

The original clause is right in principle and could be made to work. Many of the chairman's fears are exaggerated and show ignorance of the methods of the Comptroller. This need not involve second guessing management decisions or a constant presence. A code of practice could be devised to define when and how the Comptroller has access to industries' books.

The political realities of a private member's Bill are that the opposition of the Government and a few backbenchers can easily block its passage. Consequently a compromise has been devised acceptable to many of the Bill's sponsors, to the Government and to the industries' chairman, despite some reservations.

This proposes that the commercial auditors should carry out inquiries into efficiency, economy and effectiveness of these industries. This subjects should be determined with the agreement of the Public Accounts Committee of the Commons and of responsible Ministers, after consultation

with the industries. The reports would be publicly available. As a second best this proposal has some advantages. It establishes a statutory right for Parliament to be involved in these industries. The inquiries would also complement the investigations by the Monopolies and Mergers Commission under the 1980 Competition Act.

This compromise has, however, been attacked by many original supporters of the Bill, particularly, but not exclusively, on the Labour side. Their objection is that the proposal will not extend independent Parliamentary scrutiny since the process will be dominated by the Government and by the industries themselves.

Accountability
On this view, the clause will block for a long time any chance of direct accountability. Consequently, the objectors say the compromise should be rejected and that, given the political pressures, it would be better to leave out any reference to nationalised industries.

The vote in the committee tomorrow promises to be very close. A couple of Labour and Alliance sympathisers to the compromise are inclined to vote against it on the grounds that otherwise the whole Bill will fail because of the actions of other opposition MPs. In contrast, some Tory MPs have warned that, unless the compromise is included, they may consider opposing the whole Bill.

It is unfortunate that there is no consensus on what should be a bipartisan issue. However, on balance, the committee should reject the compromise as limited, though flawed, advance on the present position. What ever happens on the nationalised industries provisions, MPs could not hold up the rest of the Bill which contains some long-overdue changes.

The Bill establishes a new National Audit Office, puts the Comptroller and Auditor General on a statutory basis and makes the Comptroller an officer of the House of Commons, and thus clearly independent from the Treasury. None of these gains should be lost. Indeed, since the Bill has been largely re-drafted by the Treasury, the Government should take up the measure and give it legislative business.

U.S. MERGERS AND TAKEOVERS

Wall St meets Madison Ave

By Richard Lambert in New York



that hostile tender offers started to become socially acceptable. Mr Peter Sachs, a partner of Goldman Sachs, a partner of Inco's bid in 1974 for ESB, the big Philadelphia battery maker, as a turning point. Until then, hostile bids were not the sort of thing that a blue chip company would willingly undertake. But within a few years, it was open house.

Companies' relationships with their investment banks have also been changing. Whereas in the past, one bank might have fulfilled all a company's needs — handling its commercial paper, issuing its long-term debt, and so on — a big company today might well have three or four different firms providing it with services. "Relations with clients are more transactional than they used to be," says Mr Sachs. "The old school tie is much less important."

This has enabled newcomers like First Boston to carve their way into the mergers and acquisitions business. "Over two-thirds of our business is from non-traditional clients of the bank," Mr Wasserstein says. All these trends have encouraged investment banks to change their approach to takeover work. "It used to be an uneven source of income for us," explains Mr Richard Bingham, a managing director of Lehman Brothers. "Now it's a business, and we run it like one."

Among other things, this means that the banks no longer sit back and wait for customers to knock on their door. At present, for example, they are all actively developing new business areas to replace the giant oil and gas takeovers which brought such fees in 1981 and the early part of 1982.

The financial services sector is seen as one of the most ripe fields for takeovers. First Boston, now has 10 people concentrating exclusively in this area, double the number at the beginning of the year, and claims to be working at present on 15 insurance-related

transactions. Divestitures are another growing source of revenue. Without a blush, the banks are helping big companies to sell off businesses which they also helped them to acquire only a few years ago. Inco's attempts to unwind its disastrous ESB acquisitions is a classic case.

The investment banks are also building up their international merger activities, even though the strength of the dollar has cut back the number of foreign bids for U.S. companies in recent months.

Goldman Sachs, in particular, is making waves in the City of London, where it has bought a small merchant bank, and has been retained by both Sotheby's and Thomas Tilling to help in the defence against their unwanted takeover bids.

Although the overall approach of the big investment banks is similar, the style of their merger and acquisition work is very different. First Boston does the job in one way — and Goldman Sachs in quite another.

Thus Mr Wasserstein, a chubby and intense 35-year-old, is widely credited with developing some of the more dazzling takeover tactics of recent years. It was First Boston which suggested that Wheelabrator-Frye

should obtain an option to buy Pullman's "crown jewel" — its engineering and construction business — in order to frustrate a rival bid from McDermott in 1980.

First Boston hires industry specialists to work on particular sectors — oil men for oil mergers, for instance — and has a senior executive, Mr Bill Lambert, whose job is to scout out merger prospects and whose title is creative director. "That fellow with the beard and the fancy shirt," grumbles one rival banker with that mixture of envy tinged with derision which mentions of First Boston so often seems to evoke among its competitors.

By contrast, Goldman Sachs shuns the star system. "We've got nine people in this bank each of whom is capable of handling any transaction," claims Mr Sachs. The firm does not go out of its way to hire industry specialists. "Our business is not oil, or retailing, or widgets. Ours is the unique business of buying and selling companies," observes Mr Sachs loftily. And it will not act as a dealer manager in a hostile tender offer.

This is a pragmatic policy rather than a moral judgment, according to Mr Sachs. The

firm just does not think that such deals make good business for investment banks.

A typical First Boston deal would be last year's bid by American General for NLT — full of explosions, fireworks, last-minute twists, and head-lines. Goldman Sachs was also involved in a sure-fire prize action last year — Connecticut General's merger with INA — but this was an agreed deal, in which the firm acted for (and took large fees from) both sides.

However different the styles, successful merger and acquisition departments all have one thing in common: good contacts and highly sensitive intelligence systems which enable them to come up with what are sometimes the most unlikely marriage partners.

This can be very valuable for client companies. When Chrysler wanted to sell its defence division, Lehman Brothers found 25 potential bidders, some of which wanted the business badly enough to bid up the price to generous levels even though Chrysler itself was not negotiating from a position of strength. First Boston chased up around 30 potential white knights to rescue Marathon from the bid by Mobil, one of which, U.S. Steel, eventually came up trumps.

The development of business hungry merger and acquisition departments is helping to change the face of corporate America. Lehman Brothers' Mr Bingham says that takeovers have taken place which would never have occurred but for the growth of these intermediaries.

Some critics worry that this is not necessarily a healthy trend, and they usually cite in evidence last year's four-cornered battle between Bendix, Martin Marietta, Allied and United Technologies. Professor Robert Hayes of the Harvard Business School, argued in the New York Times that the investment bankers played an important part in this extraordinary affair. Motivated by personal profit, he

claimed, they goaded their principals on to ever more outrageous actions.

Investment banks certainly have enormous incentives to come out on the winning side, since they are usually paid by performance. For example, Conoco paid Morgan Stanley \$1m for advising it in the defence against Seagram's bid — and promised that if the firm could find a better deal, it would pay a fee of up to 0.20 per cent of the bid value. So when Du Pont arrived on the scene, Morgan's fee jumped by more than \$120,000.

Although the investment banks strongly defend their role in the Bendix affair, they are becoming more sensitive to criticism. Thus several million dollars worth of Wall Street client spent last Friday morning debating whether there might not be something to be said for some of the restraints imposed on takeover transactions in the UK.

The occasion was a meeting of an advisory panel set up by the Securities and Exchange Commission (SEC) in the wake of the Bendix deal to consider whether the rules for tender offers should be changed. The panel's views were 22-18 in favour of the SEC's recommendations. An obvious example is the signing of attractive "golden parachutes" deals in the heat of a contest, which assure top executives of fat compensation if they lose their jobs.

Should a bidder who buys more than a certain proportion of a company be obliged to acquire the rest? Otherwise, he can get effective control without paying a fair premium to all shareholders.

Should the purchase of shares at a premium from one investor be restricted or prohibited?

Should a company be allowed to trade in a national market place if it imposes onerous limits on the transfer of its shares in order to scare off predators?

Could anything be done to make the SEC able to respond more promptly to takeover deals? As things stand, it only seems to be able to act after the fact is over.

All this will be music to the ears of the London Takeover Panel, which is frequently criticised for its lack of teeth but which has tackled all these issues with a broad measure of success in its code of takeover conduct.

The betting is that the advisory panel will not come up with any very radical proposals when it makes its recommendations to the SEC this summer. All the same, it seems unlikely that these issues would have been debated at all in such a forum a year or so ago.

An article examining the UK acquisition business appeared in yesterday's paper.

MAJOR DEALS

The biggest U.S. takeover bids and mergers of 1982 were:

Bidder	Investment bankers	Target	Investment bankers
U.S. Steel	Goldman Sachs	Marathon Oil	First Boston
Occidental Petroleum	Goldman Sachs/Donaldson Lufkin & Jenrette	Cities Service	Lehman Brothers
Connecticut General	Goldman Sachs/Lazard Freres	INA	Goldman Sachs
Allied American	Lehman Brothers	Bendix	Lehman Brothers
R. J. Reynolds	First Boston	NLT	First Boston
Norfolk & Western	Dillon Read	Hoebein	Goldman Sachs
Union Pacific	First Boston	Southern	Morgan Stanley
		Railways	Princeton Kane Research/Dillon Read
		Pacific	

Source: Fortune

Men & Matters

Benn power

Timothy Benn, aged 46, is making waves again in the publishing world following the surprise of his abrupt dismissal from the chairmanship of Benn Publications four months ago.

He has come to the support of United Newspapers' bid for the £11m bid for his old company. "It is the right company to take Benn Publications over," he says.

For a man who trained as a journalist rather than a financier he has shown considerable financial acumen in the last few days holding together an informal consortium of ten Benn shareholders — most of them with family links with the firm.

His people's holdings, amounting to some 18 per cent of the Benn Publications shares, have been offered in support of the United Newspapers bid. Merchant bank N.M. Rothschild has been called in to advise Benn and his friends.

That sounds like a solid week's work for one man. But Benn has managed to combine it with negotiations on his own behalf with the Kent Messenger Group for a clutch of publications with which he wants to start his own publishing house. Kent Life, Sussex Life, and Business in Kent. He is also angling for a bigger magazine acquisition, and has two joint ventures in train. Altogether, Benn is confident that his fledgling publishing firm will turn over more than £1m in its first year.

With his continuing love affair with publishing does he sometimes hanker to get back into the driving seat at Benn Publications? To which he replies, "I am desperately keen that the United Newspapers bid is successful because I believe it is best for Benn Publications."

But if, for some reason, that deal falls through it is beyond the realms of possibility

East Ender

Connoisseurs of the push-pull power game between the City of London and Whitehall will relish interpreting the appointment of high-flying civil servant Christopher (Kit) Farrow to a senior job in the Bank of England.

Has Mrs Thatcher placed a cuckoo in the Threepence Street nest — an establishment which Whitehall mandarins still like to think of as the East End branch of the Treasury?

Real life bears no relation to such flights of fancy. Farrow, aged 45, assures us. He is, in fact, already speaking from the City in a physical sense.

For the past year he has been on secondment from his under-secretaryship at the Department of Industry to a desk at merchant bankers Kleinwort Benson where he has been working on corporate finance.

Farrow was approached by the Bank recently to become an assistant director (the most senior level below the Bank's Court) to specialise in industrial finance.

From a career viewpoint Farrow may have made a timely move leaving the civil service for the Bank of England. The slimming down of the civil service under the present government has left an uncomfortably large bunch of ambitious civil servants mostly in their 40s and round under secretary level.

Many of them must expect to be disappointed in their hopes for further elevation to deputy secretary.

Medal winner

A private company is being launched this week for the sole, and unusual, purpose of acquiring a Victoria Cross.

The medal, the only VC awarded during the Battle of Britain, was won by Wing Commander James Brindley Nicolson. Though badly wounded and with his Hurricane on fire, he pursued and shot down a German Messerschmitt in August 1940. Parachuting to safety afterwards, he was wounded again by an over-zealous local defence volunteer.

Nicolson recovered but was subsequently killed in a plane crash in 1945. His VC, together with other medals and mementoes, is being sold by auctioneers Glendining's next week to provide money for his widow. The sale is expected to raise around £50,000.

Dr John Tanner, director of the RAF Battle of Britain Museum, will be bidding for the collection. But as a further safeguard against its acquisition by an overseas buyer, Tanner has joined with Dr Richard Petty, a physician and collector, and financial consultant Nicholas Morris, to set up a private company, Citylon.

The medal would then be loaned to the museum for display but treated as an investment to be sold again after 10 years. The minimum price of a Victoria Cross has risen from around £3,000 in 1976 to £12,000 last year when the record price of £32,000 was paid at auction for the only VC awarded on D-Day.

Airlift

With a due sense of gravity, so the Civil Aviation Authority has been checking on the weights of airline passengers and their luggage.

For the past 37 years, the CAA has been using "average national weights" — 75 kg for men, 65 kg for women, and 3 kg for hand baggage — to establish operational safety standards for aircraft. Before that, everyone had to be weighed before boarding an airplane.

A survey at Heathrow Airport reveals that the post-war growth in prosperity has been reflected in the size of today's air travellers — or the men among them, at least.

The average weight of men travelling on international flights has increased to 80.8 kg; and on domestic routes, even higher, to 82.2 kg. Your average woman, on the other hand, has actually dropped in weight by just over a kilogram.

The survey found, however, that the size of passengers varied substantially according to which route they were taking. Fatter men were noticeable on flights to Eastern Europe; fatter women on routes to West Germany and the Benelux countries. They weighed up to 15 kg more than the average passengers to Japan.

So far as hand baggage is concerned, the trend also is upward. Everybody seems to be lugging twice as much around with them as they once did.

Observer

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Letters to the Editor

Monopolies and mergers policy

From Mr K. Freedman

Sir, — Though you admit in your article on "Takeovers and efficiency" (April 13) that "Takeovers are not, of course, an infallible source of greater efficiency," the general stance adopted is that the market place is capable of deciding "safely" when a takeover should occur in order that the assets of the taken-over firm be put to better use. Almost all evidence on the incidence and effects of acquisitions, however, contradicts this view.

There is very little support for the proposition that takeovers are the symptom of a healthy stockmarket discipline, ensuring that assets are taken from incompetent or wrongly motivated managers. No significant differences have been found in the profitability of acquirers and acquired firms.

Evidence on the effect of acquisitions is that they generally result in a decrease in the efficiency and in the profitability of the new company as compared with that which could have been expected from the two companies had they been separate.

In the case of conglomerate mergers, far from the stock market helping to promote shareholders' interests, conglomerate mergers after mergers indicate that managerial (growth and security) rather than shareholder utility (profitability) has been pursued.

Recently published findings suggest that the performance of the stock market is adversely affected by an increase in the degree of market concentration. In this respect it is not satisfactory to improve it by not allowing it to improve.

The failure of past takeover policy to protect and improve British industrial performance suggests that mergers be assumed guilty unless proven innocent.

Kevin Freedman,
Queen's College, Cambridge.

From Mr J. P. Prettly

Sir, — As a director of Watney Mann from 1968-1973 I was rather too busy to keep a diary of events but I think some checking by the authors of "Overshadowed by the early days of the 70s" (April 12) would reveal that the half seen was not the whole.

In July 1971, Grand Met bid for Watney Mann. In early autumn 1971, after several increases in both bidders' offers, Grand Met just won. In January

1972 Watney Mann acquired the shares it did not already hold in Webster and IDV. In March 1972 Grand Met bid for Watney Mann. In May 1972 (I think) Rank Organisation made a counterbid for WM. On July 4, 1972 — one of Grand Met's present subsidiaries would call it Independence Day — Grand Met won Watney Mann by what I suspect could still be the largest margin of margins in the history of the company. I made a successful bid for Courage in the summer of 1972.

It is not the object of this letter to argue the rights and wrongs of the protagonists but by stating that Grand Met and Watney Mann made an error of more significance than meets the eye, I say this because in those 12 months I believe there was a significant shift of attitude by the powers-that-be in relation to monopolies and merger policy, so that by 1973 both bidders would have been referred to and rejected by the Monopolies Commission.

Sheer size as well as pre-eminence in one market sector became a factor to consider and several proposed bids were scotched by the Monopolies Commission on that basis. In spite of this change one series of bids did slip through which I believe led to unfair competition, namely the build-up of BAT's interests in food retailing whereby the profits from tobacco enabled it to drive competitors out of business by subsidising losses in food retailing for several years.

The predominance of a few retailers leads to undue pressure on food manufacturers so that in due course the public's choice will be limited.

Doubt has been expressed recently as to what guidelines the Monopolies Commission is acting under. I suspect it is the "market economy" attitude of 1972 rather than the "longer term public interest" attitude of 1973-1974. I do not know whether the brewery bids above have acted against the public interest and I doubt whether the clearest model maker with the help of the most modern information technology could prove the case either way but there was at least the same potential for cross-subsidisation in the large Courage merger as happened in the BAT-food retailing mergers.

On that basis I suggest that a Government which claims to help small businesses should prove the case either way. The BTR-Tilling bid and in view of the pressure on food manufacturers, should take the same view on the Liverpool-Fitch Lovell bid.

J. P. Prettly,
Lower Mill, Newbridge,
Yorkshire, Isle of Wight

The breakfast TV audience

From Mr R. Glover

Sir, — Few of us would want to argue with Mr Hogg's guess (April 13) that when busy people are offered broadly similar content in two breakfast TV shows most of them will end up watching the one that is not interrupted by commercials.

2m. Yet on Sundays the figures slip straight back to weekday levels: audience research figures for the week ending March 27 showed a weekday figure of 0.4m and a Sunday figure of 0.5m, and the most recent figures show weekdays at 0.4m and Sunday at 0.5m. The Sun-

day figure has never been above 0.4m.

I wonder if Mr Hogg or anybody else can explain this disparity? Perhaps the British lie in bed later on Sunday than on Saturdays, but then I suspect that a high proportion of the Saturday audience is made up by children, and surely they are as ready to watch on Sundays as Saturdays.

K. C. Williams,
70 Platts Lane, NW3

Give credit where credit is due

From Mr G. Simon

Sir, — In view of the critical nature of the correspondence published during March concerning the Leedale v. Lewis decision, I suggest that it would be only fair to congratulate Mr Nicholas Ridley, Financial Secretary to the Treasury, on the terms of the reply that he gave to a Parliamentary question on March 28.

The reply states that the Finance Bill will include a clause which allows a beneficiary of a foreign trust who might be affected by an

assessment under the Leedale v. Lewis decision to defer, free of interest, payment of the relevant capital gains tax until he obtains, either directly or indirectly, a benefit from the trust.

This proposed arrangement seems to provide a most elegant solution to the criticisms of the relevant provisions of the Finance Act 1985 which have been widely expressed.

M. Simon,
The Manor House,
Aston Magna,
Moreton in Marsh, Glos.

From the Chairman,
Associated Textiles Company

Sir, — Having seen Fiona McEwan's article (April 14) about the "25m" bid for British Airways, I am wondering if such expenditure is perhaps premature. Early last week I telephoned my travel agent to enquire about flights to Toronto. He informed me that there were two direct flights from Heathrow on Sunday, Air Canada and British Airways. He quickly informed me of Air Canada's departure time and seat availability, but apologised for not being able to do the same for British Airways, because it was not answering the telephone that morning.

On Sunday I flew to Toronto on board Air Canada's 1 pm

UK trade with Japan

From Mr D. Robbins

Sir, — Mr J. Bourlet (April 13) has apparently failed to understand London's role as an international financial centre. By simply showing the gross payments made by Japanese citizens to the UK for invisible transactions, the Japanese statistics tend to overstate the actual benefit to UK residents. The discrepancies arise from the differing treatment of interest payments on foreign-currency borrowing and lending by banks in London. Given that much of this activity involves UK banks on-lending funds deposited by foreign investors, the only contribution to the UK's benefit is to the banks' net earnings on such business, not the gross interest payment made by Japanese citizens. And Japanese statistics show payments for services and transfers (for example shipping, broking, insurance) paid to the UK which may well relate to services provided in London by agents or branches of non-UK entities.

Thus, to imply that the UK feels the full benefit of the invisible flow presented in Japanese statistics is erroneous. The comparison of Japanese statistics (in U.S.\$) and UK statistics (in £) converted at current average exchange rates to U.S.\$ over the last seven years reveals that the misleading nature of Mr Bourlet's letter in asserting that the UK's trade deficit with Japan is more than covered by its invisibles surplus.

Notwithstanding some discrepancies in presentation on visible trade, the trend of the statistics reveals that the UK's current account deficit is actually continuing to deteriorate.

David A. Robbins
Phillips and Drew, Lee House,
London Wall, EC2

From the Director-General,
Committee on Invisible Exports

Sir, — Mr Bourlet (April 13) stresses the Bank of Japan's estimates of Britain's invisibles

surplus with Japan. As Mr David Wood acknowledged (April 15) there is no question that we carry a surplus on invisible transactions, such as banking, insurance, shipping, commodities, etc. with Japan. What is at issue is the size of the surplus. And to determine that, it is necessary to depend on what definitions are used.

Those used by the Bank of Japan, and one or two other central banks, assume that transactions in services are as simple as those in manufactured goods, and take account of payments on a gross basis.

The trouble is that Britain, and London in particular, is acting in most of these transactions as an entrepot centre — undertaking business on behalf of clients (Japanese or others) and completing them with other countries. London thus undertakes two gross transactions and takes a small commission for its trouble. This particularly applies to Euro-currency, banking, shipping

freights, and commodities. It is certain that banks choose to work out their bilateral invisible statistics on the basis of one of the gross payments, and ignore the nature of the business concerned, then misinterpret the results of this kind of simple arithmetic.

Mr Bourlet clearly understands all this, since he acknowledged that the Japanese invisibles figures include investment income which "merely passes through London to foreign investors who have simply bought Japanese securities via London brokers." This is precisely the point which applies to the other sectors of invisibles too and explains why the Japanese estimate of Britain's invisibles surplus is five times that of the UK official estimate.

W. M. Clarke,
7th Floor,
The Stock Exchange, EC2

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W. M. Clarke,
7th Floor,
The Stock Exchange, EC2

Rolls-Royce aero-engines

Critical decisions loom

By Michael Donne, Aerospace Correspondent



Sir William Duncan, new chairman of Rolls-Royce, has to decide whether it goes on building engines across the aviation spectrum or opts out of certain markets

ROLLS-ROYCE, the state-owned aero-engine builder, is facing some difficult strategic investment decisions which will profoundly influence the company's future — and with it the future of the entire UK aerospace industry.

The company, under its new chairman, Sir William Duncan, has to decide whether to go on building engines across the aviation spectrum or to opt out of certain markets.

It is considering development programmes which would involve more than £10m of investment. But its plans will in turn pose some difficult choices for the Government, which will almost certainly be asked to provide part of the investment capital.

These decisions will have to be made against a background of intensifying competition from the other two major world engine builders — Pratt and Whitney and General Electric of the U.S. — and at a time when recession has meant a slump in orders for civilian aircraft.

The company is also a major producer of military engines and, for strategic reasons, the Government seems certain to want it to retain a substantial capacity in that field, with new engine developments being financed on the defence budget.

Rolls-Royce recorded a net loss of £134m last year, in substantial measure because of a

Douglas DC-10 that may emerge. A new version of the RB-211, the Dash 600, is now being studied to meet demands for a new technology, high-thrust engine. Development would cost several hundred million pounds, since the engine would be virtually a new one, rivaling the Pratt and Whitney PW-4000 and General Electric CF6-80C series.

The Dash 600 could offer Rolls-Royce a chance to get into the European Airbus market. It failed to do so in the mid-1970s when the A-300 and A-310 Airbus were being developed, so all Airbus engine sales have been divided between Pratt and Whitney and GE.

With improved and longer-range versions of the A-300 and A-310 on the way, there is an opportunity to correct the mistakes of the mid-1970s.

If Rolls-Royce fails to win Airbus orders, the outlook for the "big thrust" version of the RB-211 must remain bleak. But the rewards for a successful development of the Dash 600 could be substantial. Airbus Industrie believes it will sell over 1,000 A-300s and A-310s before the end of this century.

The one bright spot for the RB-211 is the 535C version, which is doing well in the Boeing 737 twin-engine aircraft. Competition looms from Pratt and Whitney, with its PW-2037, which enters service next year. But Rolls-Royce should be able to hold its own through the rest of this century with improvements to the 535, two variants — the 54 and 54-2 — has to decide how much to

invest in the 535C version, which is doing well in the Boeing 737 twin-engine aircraft. Competition looms from Pratt and Whitney, with its PW-2037, which enters service next year. But Rolls-Royce should be able to hold its own through the rest of this century with improvements to the 535, two variants — the 54 and 54-2 — has to decide how much to

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spend on either revamping the Dart turbo-prop engine (or building a major new turbo-propeller engine) to meet competition from its U.S. rivals.

Beyond that, there arises the question of a new "business jet" engine, the RB-401, to replace the Viper. Collectively, these decisions would add several hundred million pounds to the overall investment bill.

The question arises, therefore, whether Rolls-Royce should remain in all these fields or, if it decides to withdraw from some of them, for lack of cash, which ones should be abandoned. Many in the aerospace industry say there should be no question of opting out, that the company should continue to cover the entire spectrum.

They point to the rising volume of aerospace imports (1979, DC-10s, 737s and 757s and 767s) stemming from decisions taken years ago not to develop particular types of airliner such as new short-range or long-haul jets. This, they argue, shows that while the initial cost of development may be high, the long term cost of opting out is even higher.

It remains to be seen whether the Government will accept this philosophy. It has been taking a tough line with the aerospace industry recently, arguing that any cash it injects must earn a return commensurate with that available from investing elsewhere. This applies to airlines (the British Aerospace contribution to the projected 150-seater airliner) as well as engines.

On the other hand, Rolls-Royce, as a public company which the Government would like eventually to privatise, holds a special position in the military as well as the civil aerospace industry.

The Government's dilemma is how far it ought to relax its stance in the longer-term interests of the UK's competitive capability in aerospace. There is less time than one might suppose, for many of the engines on which decisions are needed will be required in service by the mid- to late-1980s, which means launching them in 1983 or, at the latest, next year.

Final decisions are due by midsummer, by which time the shareholders (in Rolls' case, the UK Government) should have approved the venture and agreed to subscribe the cash.

Rolls-Royce's 30 per cent share of the bill is expected to be in the region of £30m.

The Dash 600, the Dash 535 and the new international engine could together account for close to £10m of new investment through the rest of this decade. Some of the money could be generated internally, but it seems likely that most will have to come from the Government, in the form of launching aid or through some special support arrangement, such as additional equity capital.

The company has other major decisions to take. It is already spending up to about £10m of its own cash on the development of the Tay engine, of about 23,000 lb of thrust, to replace the ageing Spey. In addition, it has to decide how much to

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FINANCIAL TIMES

Tuesday April 19 1983



1990 DEADLINE SET FOR MOVE TO REDUCE POLLUTION

UK agrees to lead-free petrol

BY JAMES McDONALD IN LONDON

THE BRITISH Government yesterday accepted a recommendation that, by 1990 at the latest, all new petrol-engined vehicles sold in the UK should be required to run on lead-free petrol.

It also plans to initiate negotiations "immediately" within the European Community to secure the removal of the minimum level for lead in petrol allowed at present, Mr Tom King, Secretary for the Environment, said yesterday after publication of the Royal Commission on Environmental Pollution's report on lead in the environment.

The Environment Department would be writing to the equivalent departments in the Community setting out the UK's position, with a view to opening formal negotiations as soon as possible, Mr King said.

"We shall also, of course, discuss

with the UK oil and motor industries a timetable for the introduction of unleaded petrol."

The Royal Commission said that discussions with the oil and motor industries should have regard for the time needed for essential production changes but "we believe it should be possible for the changes to be implemented by 1990 at the latest."

Mr King told a press conference that he hoped to see a rather earlier introduction of lead-free petrol. He thought delays may be longer in the motor car industry.

The report said it could find no compelling argument for the retention of leaded petrol "except as an interim measure to enable the majority of existing cars to be phased out."

Of 29 recommendations made by

the commission, the principal one is that it would be prudent to provide a substantially greater safety margin for the population as a whole by taking all practical steps to reduce artificial dispersal of lead and human exposure to it.

Seven of the 29 recommendations deal with ways to reduce the hazards of leaded petrol. Mr King made a "holding" statement about these recommendations.

The UK Petroleum Industry Association noted yesterday that the move towards lead-free petrol would be a change in current EEC regulations. "Unilateral action by the oil industry to remove lead, with the consequent loss of octane quality, would be unrealistic. Very few of the cars presently on the road in the UK are designed for unleaded petrol."

Mr Anthony Fraser, director of the Society of Motor Manufacturers and Traders, said: "It is vital that adequate time is given for the manufacturers to redesign and tool up for the new engines." Up to five years from the date of a positive pan-European decision might be necessary.

The Government's immediate and positive response to at least one major recommendation in the report is unusual. The commission's two previous pollution reports - on agriculture in late 1979 and on oil in the sea in late 1981 - have not yet received responses.

Royal Commission on Environmental Pollution, Ninth Report, Lead in the Environment, Chairman Professor T. R. E. Southwood, H. M. Stationery Office, £3.20.

Britain to seek more action on recovery

By John Wyles in Luxembourg

BRITAIN WILL seek a strong U.S. commitment to reducing its budget deficits at next month's economic summit and more effective international action aiming at medium-term economic recovery.

This emerged from discussions among EEC finance ministers yesterday in preparation for the meeting of the world's seven leading economic nations at Williamsburg, Virginia.

Sir Geoffrey Howe, the UK Chancellor of the Exchequer, rejected the idea that EEC members should seek to argue the "economic" theory in favour of more deflationary policies by countries such as the UK, West Germany or even the U.S.

He argued that governments which had successfully reduced their budget deficits and inflation rates should not be asked to put their achievements at risk by gambling on fiscal policy.

The European Commission has suggested that both the UK and West Germany have room for manoeuvre to lead the way towards economic recovery in the EEC through a relaxation of fiscal policy. But Sir Geoffrey argues that that is a matter for governmental judgment and that the leading economies in the world must aim for a "self-starting" path to economic recovery.

The Chancellor is believed to be extremely concerned about the outlook for future U.S. deficits, fearing that the Reagan Administration's commitment to reducing them lacks conviction. This is one reason, it is said, why U.S. interest rates remain so high and real interest rates in Europe are forced to remain at correspondingly dizzy levels.

The Chancellor wants the Williamsburg summit - attended by the U.S., the UK, West Germany, France, Italy, Canada, Japan and the European Commission - to accept that would recovery is the medium-term objective that must not be jeopardised by the pursuit of short-term political gains.

He is counselling against expecting too much from the summit, which he wants to produce a more concrete acknowledgment of the interdependence of economies.

Among other things, he is believed to expect:

- A strong commitment to the control of budget deficits.
- A greater awareness of the impact of exchange rates on the international economy and a realisation that rates partly reflect domestic monetary and fiscal policies.
- Moves to build upon the study launched by last year's summit at Versailles of the impact of official intervention on exchange rates. Sir Geoffrey draws one conclusion from the study - which deliberately avoids "large" conclusions - namely that intervention has a role to play in stabilising exchange rates. He and his EEC colleagues are hoping that the Reagan Administration is now ready to draw a similar conclusion.

EEC industrial production up but unemployment worsens

BY PAUL CHEESERIGHT IN BRUSSELS

WIDENING optimism that the worst of the recession might be over was given additional substance yesterday when the European Commission disclosed a sharp recovery in EEC industrial production during January.

The Commission, in its latest analysis of Community-wide economic trends, noted that the recovery had been marked in West Germany and the UK, but conceded that the data were still incomplete.

Although full figures will not be available for several weeks, the tentative evidence suggests that the fall in production, particularly noticeable since last May, has been checked.

Overall EEC industrial production fell by 1.8 per cent last year, after sliding 2.2 per cent in 1981 and 0.8 per cent in 1980.

Unemployment continued to rise, reaching a total of 11.5m people, or 10.5 per cent of the labour force, by the end of January. This denoted a 15 per cent rise in the total over 12 months, still appreciably lower than the 29 per cent and 24.7 per cent increases in the number of unemployed respectively recorded for the U.S. and Japan.

Prices are still rising faster in the

EEC than in the U.S. or Japan, according to the Commission analysis. The average EEC rate in the 12 months to January was 9.1 per cent, compared with 3.6 per cent in the U.S. and 1.8 per cent in Japan.

The rise in prices allied to the existence of a persistent EEC trade deficit with the U.S. and Japan gives the statistical underpinning to the tetchy trade relations between Brussels, Washington and Tokyo.

Problems of price competitiveness and a deterioration generally in the terms of trade are at least part of the reason for the continuing visible deficit the EEC has run with countries outside industrialised Europe. But the largest bilateral deficit, the Commission figures show, has been with industrialised non-European countries, such as Australia, Canada, Japan and the U.S.

In total, however, the trade balance has been recovering since the visible deficit reached 12bn Ecu in the 1980 second quarter. In the last quarter of 1982, the deficit was 3.7bn Ecu (\$5.15bn).

Since 1981, the Commission said, the most striking internal development had been the improvement in the West German trade balance.

Renter adds from Paris: Consumer price inflation in Western industrialised countries averaged 5.7 per cent in the 12 months for Economic Co-operation and Development (OECD) said yesterday.

In the year to January, the figure was 5.9 per cent, and a year ago it stood at 9.1 per cent.

Consumer prices rose 0.3 per cent in January compared with 0.5 per cent in February 1982, the Paris-based organisation said in its latest monthly report.

Further falls in energy prices in the 24 member-countries, and favourable seasonal food price movements, accounted for the slowdown in price increases.

Japan's inflation rate remained the lowest in the OECD area at 1.9 per cent, followed by the Netherlands at 3.4 per cent and U.S. at 3.5 per cent.

Iceland's year-on-year inflation rate, the highest in the OECD, rose to 68.1 per cent in February from 60.3 per cent in the previous quarter.

Consumer price inflation fell in February in all major European OECD member-countries except Britain.

Cheaper export credits sought

BY JOHN WYLES IN LUXEMBOURG

EUROPEAN Community countries have agreed to seek a reduction in the minimum interest rates for export credits under the 22-nation Consensus operated by the Organisation for Economic Co-operation and Development (OECD). The Ten are at odds over the size of the reduction, and their differences are bound to complicate OECD negotiations on a new agreement which are to begin in Paris next week.

EEC finance ministers managed to supply the European Commission with a rudimentary negotiating mandate for Paris yesterday after less discussion than had been thought necessary.

Further negotiation on details would have risked their fragile accord, and the ministers happily moved to other business once the Commission signalled that there

was a sufficiently common position to be going on with.

The current OECD minimums range from 10 per cent for the poorest countries to 12.4 per cent for the most prosperous. They were fixed last June, since when international interest rates have fallen. Yesterday, the Commission was told by West Germany and the Netherlands that 0.5 of a percentage point was the largest reduction they could accept. The UK favoured 1 percentage point, while France insisted that a 2-point cut was the least it was seeking.

Ministers also agreed to consider introduction of a semi-automatic system for fixing the OECD minimums which would take as a benchmark the weighted average of interest rates for the currencies which mark up the special drawing right

(SDR). These are the dollar, the yen, the French franc, the D-Mark and sterling.

France has traditionally been reluctant to move towards any objective scheme for fixing OECD rates. M. Jacques Delors, the French Finance Minister, is said to have told his colleagues yesterday that he would only consider such an arrangement now if it yielded a reduction of at least 2 per cent in current rates.

According to Commission officials, the SDR benchmark would point to a 2 per cent reduction, but such a system would also imply an increase in OECD minimums if market rates moved higher. M. Delors is aware of this, and he reserved the French position on the outcome of the Paris negotiations.

Chase profits decline by 8%

BY WILLIAM HALL IN NEW YORK

CHASE MANHATTAN Corporation, owner of the third biggest bank in the U.S., reported an 8 per cent fall in its first-quarter net income to \$106m, which contrasts with the generally buoyant first-quarter profits being reported by most leading U.S. banks.

Chase's first-quarter net interest income rose 5 per cent to \$395m from a year ago and the provisions for possible loan losses in the first quarter totalled \$70m, compared with \$55m in the first quarter of 1982. Over the same period, net

charge-offs rose by \$20m to \$64m, and the bank says that three quarters of this related to loans recorded in domestic offices.

The fall in Chase's earnings runs against the recent trend in U.S. bank results, where falling interest rates have tended to boost first-quarter earnings despite the need to make substantially higher provisions for loan losses.

Chase's non-performing loans rose sharply in the first quarter and at the end of March totalled \$1.9bn, compared with \$1.4bn at the end of

1982 and \$883m a year ago. The group estimates that the negative impact of these non-performing loans on net income totalled \$118m in the latest period compared with \$15m in the comparable quarter of 1982. The bank says that it has suspended accrual of interest on substantially all of its extensions of credit to Mexico and Argentina.

Of the total of Mexican private-sector debt and Argentine public-sector loans that are on a cash basis, about \$350m have not been determined to be non-performing

Opec members 'adhere to \$29 rate'

By Richard Johns in London

THE Organisation of Petroleum Exporting Countries' monitoring committee is confident that all members are observing their new, lower price levels, based on a \$29 per barrel reference, and also output quotas under the production sharing programme agreed last month.

After its meeting in London yesterday, Dr Mana Said al-Otaiba, the United Arab Emirates, Oil Minister, its chairman, said: "We noticed with satisfaction the clear improvement in the oil market and that the industry, the market and consumer are more confident of Opec's determination to defend \$29 per barrel. There had been no 'chattering' over quotas or prices, he said."

Sheikh Ahmed Zaki Yamani, Saudi Arabian Oil Minister, was even more optimistic yesterday. Interviewed in Bahrain by Reuters news agency, he said that Opec's agreement last month to cut the price of its reference from \$34 to \$29 per barrel had been "100 per cent" successful.

"As long as we abide by the agreement, we do not give a discount, we do not exceed the ceiling. I think the Opec agreement will hold," Sheikh Yamani explained.

In practice, with demand still slack and a high level of stock draw-down continuing, there has been no question yet of quotas being exceeded. The Opec secretariat is understood to reckon collective output to have been running "this month at only 15.25m barrels a day, well under the ceiling of 17.5m b/d."

More important at this stage is Dr Otaiba and his committee's conviction that member states - particularly Iran and Libya - have so far resisted pressure from buyers to give discounts off official selling prices.

Also of some positive significance was the fact that Mallam Yafya Dikko, Nigeria's chief delegate, attended the meeting of the "monitoring committee" - which also includes ministers from Algeria, Indonesia and Venezuela - as a "guest," and is understood to have made no complaint about his country's level of output.

Nigeria's output is believed to have been running at less than 800,000 b/d recently, compared with a quota of 1.3m b/d, and well below the rate required to satisfy the country's foreign exchange expectations. But it is recovering and should average more than 800,000 b/d for April as a whole.

Both Dr Otaiba and Sheikh Yamani said that they did not foresee any real strengthening of demand for Opec oil until the fourth quarter of 1983.

The UAE Oil Minister expressed confidence that Opec could hold the line until destocking was reduced to negligible proportions. The evidence was that it was continuing at a rate of about 4m b/d. "I hope that it will diminish and in a few months time will not be such an important factor."

Dr Otaiba expressed the hope that the state-owned British National Oil Corporation would not sell oil in the spot market. Asked about Opec's relations with the UK, he replied that they were similar to those with any other non-Opec producer.

Without paying any tribute to the BIOC for setting a North Sea reference compatible with Opec's price strategy, he added: "We regard Britain as a country friendly to all Opec members and, furthermore, to the UAE."

UK 'supports stability in oil market'

Continued from Page 1

It was thought that this point was emphasised in a meeting with Dr Mana al-Otaiba, the United Arab Emirates' Oil Minister, last night.

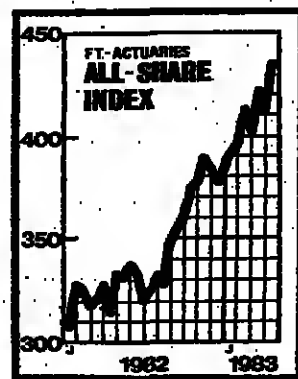
Mr Lawson, who has met several Opec ministers in recent weeks, commented: "I have made it clear that we have a free enterprise system in which oil companies produce the oil. BIOC receives roughly half of that oil and has to distribute all of it, but within that framework we will conduct ourselves, so far as we can, in a way which stabilises the market."

It was unlikely that this year's output of UK North Sea oil would be much different from last year's level of 103m tonnes (2.1m barrels a day). The Government would not, however, act to restrict oil companies' output.

Although the Government has hitherto taken a detached stance on North Sea production and pricing policies, it has become clear that Mr Lawson has become closely involved in negotiations between BIOC and oil companies in recent weeks.

THE LEX COLUMN

Equities on crest of a wave



The equity market failed to write any headlines yesterday, as the FT 30-Share Index stopped just short of the 700 level, but there was no perceptible slackening of the recent buying momentum. No fewer than 16 of the FT's actuarial indices, including the All-Share, pushed on to new highs.

For the lay reader of brokers' research bulletins the strength of the market must be extremely puzzling. It has, over the past fortnight, become increasingly difficult to unearth anyone who believes that equities look cheap, in relation either to fundamentals or to the gilt-edged market.

By common consent, share prices are now discounting a Tory victory at the polls in June, followed by a period of stable oil prices and a steady recovery in output. Having drawn strength from the weakness of sterling earlier in the year, the equity market now seems prepared to overlook its present firmness against the dollar.

The explanation for this latest leg of the bull market must lie in the very high level of institutional liquidity, demonstrated repeatedly this year by the ease with which stock has been absorbed.

Almost every rights issue has been a runaway success, with even a one-for-three issue from GKN, which has not yet laid claim to recovery stock status, managing to haul the sub-underwriters aboard. Commitments to the equivalent of a one-for-two rights issue from BTR were extracted without difficulty and yesterday's Charter Consolidated was able to place its 4 per cent stake in RTZ at a discount of only 8 per cent to the market.

Fund managers have been able to justify their aggressive buying of what looks, in aggregate, a fully valued market by frequent switching, which helps to account for the remarkable volume passing through the market in the past fortnight. Yet the recent level of liquidity is unlikely to persist. The rights issue queue apparently extends into the late summer, while the momentum of gilt-edged funding could easily accelerate in the coming months.

Rowntree Mackintosh

It has taken Rowntree Mackintosh almost two years to make the plunge into the U.S. first signalled by its 1981 rights issue. At £140m, against the group's present market

attractive if Rowntree could have followed the fashion and made its U.S. investment a year ago. But after its European disaster, the company is preaching the virtues of patience, and with its recent ability to generate cash unlikely to be diluted by Tom's, the next rights issue should still be some way down the road.

Currys

The video recorder established itself last year as one of the most exciting new products to boost Currys' sales since the founder launched his first two-wheel bicycle. Its average price fell about 6 per cent, which was the major factor behind a 5.3 per cent decline in the group's product prices overall. But VCR unit sales roughly doubled over 1981 and have underpinned a 20 per cent jump in turnover, to £294m, for the year to January. With colour television and white goods sales also advancing strongly, Currys has been peddling along frantically at the forefront of the consumer spending boom and trading profits have emerged at £25.8m against £10m.

Currys has been struck after depreciation charges of £9.8m, compared with £5.2m. The increase largely reflects the successful development of the group's new rental business - which has already earned over £1m in 1982/83 - and promises substantial rental margins as the depreciation rate falls. The second and more important area of effectively deferred profits remains that part identified according to Currys' normal policy with future cash payments on contracted hire purchase schemes. Trading profits have been reduced by an £11.5m deferral, lifting the outstanding balance of deferrals to £24.5m and leaving pre-tax profits at £15.1m against £11.3m.

The group's shops are still bursting at the seams to accommodate the spending boom and premises larger than the current 1,400 sq ft average look an urgent requirement. The quality of the earnings and the still minimal level of net debt provide a sound basis for the appropriate investment programme. The implicit growth potential does not yet appear fully discounted in the share price even after yesterday's 36p jump to 334p, while the boosted final dividend has held the yield up at 2.9 per cent.

World Weather

	°C	°F		°C	°F		°C	°F		°C	°F
Algeria	23	73	London	15	59	Madrid	18	64	Stockholm	17	63
Athens	21	70	Lyons	14	57	Moscow	10	50	Stockholm	17	63
Bombay	28	82	Paris	16	61	Nairobi	24	75	Stockholm	17	63
Buenos Aires	24	75	Rome	17	63	Rangoon	28	82	Stockholm	17	63
Cairo	26	79	Seville	18	64	Shanghai	15	59	Stockholm	17	63
Calcutta	28	82	Toronto	10	50	Singapore	28	82	Stockholm	17	63
Colon	28	82	Washington	12	54	Tokyo	18	64	Stockholm	17	63
Copenhagen	16	61	Wellington	10	50	Yokohama	18	64	Stockholm	17	63
Dublin	15	59									

First-quarter income improves 11% at GTE

BY RICHARD LAMBERT IN NEW YORK

FIRST-QUARTER income at GTE, the U.S. telecommunications group, rose by 11 per cent to nearly \$220m, largely because of improved performance from its telephone companies and from communications products. Sales rose by 5 per cent to just over \$3bn in the period.

Net income from the telephone sector rose by 6 per cent to \$203m in the quarter with the help of some large rate awards during the past year. The volume of long-distance calls rose at an annual rate of only 2.8 per cent, however, and

customer lines increased at an annual rate of just 1.4 per cent over the 12-month period.

Net income from communications products jumped from \$7.6m to \$12.1m, mainly as a result of increased shipments of a new digital central office switching system. But the electrical products division was badly squeezed by the recession, and net income fell from \$18.4m to \$9.9m.

Fully diluted net income per share was marginally ahead, at \$1.13 compared with \$1.09 in 1982.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday April 19 1983

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NCR lifts earnings and sales in quarter

By Richard Lambert in New York

NCR, the U.S. computer manufacturer, reported a rise in first quarter earnings despite the adverse impact of currency movements. Earnings in the three months to March rose by 11 per cent to \$34.1m, and sales were 4 per cent higher, at \$78.1m.

Mr William Anderson, NCR's chairman, said he was pleased with the level of incoming orders across the company's product lines, which include computer, terminal and other business information processing systems.

"With the exception of Latin America, all regions showed gains with the greatest strength coming from the U.S. Europe and the Far East," he added.

Earlier this year, NCR said that although it expected higher earnings for 1983 as a whole, first half results could be down as a result of movements in exchange rates. Mr Anderson said yesterday that the U.S. dollar had risen an average of about 11 per cent against other major currencies compared with the first quarter of 1982. "With half of our business coming from abroad, this factor has continued to affect adversely not only our revenue and earnings but also the dollar value of current incoming orders," he said.

NCR's net income per share in the period rose from \$1.15 to \$1.25.

In January 1983, NCR entered the personal computer business market with its Decision Mate V series of microcomputers. The 8-bit processor model was priced at \$2,800.

Rhône-Poulenc doubles its loss to FFr 844m

BY DAVID MARSH IN PARIS

RHÔNE-POULENC, the nationalised French chemicals group which has been fighting for years with heavy deficits and mounting debts, more than doubled its overall loss last year to FFr 844m (\$115.7m) despite a big increase in operating profits.

In 1982 results, announced yesterday, starkly underline the financial problems of the French chemicals sector, which together with steel has become the prime recipient of government funds to restructure loss-making industry.

The overall net loss - compared with a deficit of FFr 335m in 1981 - was much bigger than expected. Although the company - France's premier chemicals concern - had announced that it would be in the red for the year as a whole, it made a profit in the first half - thanks to the sale of a U.S. shareholding - and Mr Louis Le Floch-Prigent, the new chairman, said at the end of last year that Rhône-Poulenc had pulled itself out of "structural deficit".

A large element of the increased 1982 deficit was due to accounting changes. Rhône-Poulenc - along with other big companies nationalised in February last year - has been placing emphasis on "cleaning up" its balance sheet to make full account for past losses which up to now may have been hidden.

Operating profits jumped 60 per cent last year to FFr 221m from FFr 134m, thanks particularly to good results from its Brazilian subsidiary. But provisions against losses on restructuring operations increased tenfold to FFr 782m from FFr 71m.

The company also said it changed its consolidation procedure "to make the accounts more close to economic reality." This alone led to a deterioration of last year's results by FFr 423m.

Rhône-Poulenc said that on a comparable basis the loss last year actually fell to FFr 818m from FFr 573m in 1981.

It pointed out that exceptional profits last year were down to FFr 344m from FFr 445m in 1981. Additionally, losses from its fertiliser business - which is being hived off to other mainly state-controlled companies as part of the Government's plan for restructuring the chemicals sector - rose to FFr 447m last year from FFr 207m in 1981.

These losses will not be repeated this year as the disposal of the fertiliser business took effect, from an accounting point of view, from the end of last year, the company said.

The group's turnover rose 15.3 per cent on a comparable basis to FFr 37.2m last year from FFr 32.3m. The loss of the parent company alone practically quadrupled to FFr 1,344m from FFr 368m.

Rhône-Poulenc is one of the key elements in the Government's overall plan to reorganise the chemicals sector, which for years has suffered from fragmentation and mounting structural losses. The plan was announced last November but has been held up by shortage of budgetary funds.

match which had been caused by low-yielding loans.

Financial Corporation of America, the financial services holding company, has lifted net profits to \$30m (compared with \$7.9m) in the first quarter of 1983 on increased revenue of \$251.4m (\$189.4m). The comparative 1982 first-quarter results were restated to give effect for the merger with Budget Capital Corp.

Mr David O. Maxwell, chairman, said the turnaround resulted mainly from an improved yield on assets, but warned it would take some time to correct the asset-liability mismatch.

Seafirst seeks big capital injection

By William Hall in New York

SEAFIRST Corporation, the West Coast banking group which has been hit by heavy losses on its energy lending, is having discussions with a number of interested parties which could lead to a substantial injection of new capital.

Seafirst, which last year set aside \$170m for losses on its energy loan portfolio and cut its dividend, confirmed yesterday that it has been holding preliminary discussions with interested parties regarding a "substantial investment or business alliance." Salomon Brothers, the U.S. investment bank, has been retained to advise the group. Seafirst, which reported a net loss of \$81.3m in 1982 compared with a net income of \$82.1m the previous year, is expected to report its first quarter figures later this week and there has been speculation that it will turn in another large loss as well as making further provisions on its energy loan portfolio.

Mr Richard Cooley, who was brought in from Wells Fargo to head the troubled banking group earlier this year, said yesterday that he was encouraged by the interest that has been shown in Seafirst by potential investors.

Seafirst is carrying out a review of its loan portfolio and has also asked Arthur Andersen to undertake a separate review of the portfolio. There have been suggestions in U.S. newspapers that the Arthur Andersen review is even more harsh than the company's own assessment of its loan position.

Moody's, the U.S. investment rating agency, has taken the unusual step of downgrading Seafirst debt for the second time in three months. Moody's said yesterday that it had lowered the rating on Seafirst's long-term senior debt to BAA3 from BAA3. It had already lowered its rating on the \$85m of senior debt from A3 last January.

Crédit du Nord seeks state aid after deficit

BY DAVID MARSH IN PARIS

CREDIT DU NORD, the French bank which has the largest deposits of the 36 banks taken over by the Government last year, is seeking state funds for a substantial capital increase after declaring a FFr 50.2m (\$6.1m) net loss for last year.

The deficit, announced yesterday, is due above all to the bank's exposure to serious losses at Ribourel, a financially troubled property development company in which the bank took a 50 per cent stake shortly before nationalisation.

The loss is the first since the mid-1970s for a major French bank. The plan for a capital increase - which could amount to around FFr 200m to FFr 300m - also represents the first time that a nationalised bank has had to approach the Government for funds since the sweeping banking takeovers last year. In 1981 the bank declared a net profit of FFr 85.5m.

Mr David Dautresme, the former Crédit Lyonnais banker who took over as Crédit du Nord's chairman last year, said yesterday that the bank's two shareholders - the Government itself and the nationalised

financial holding company Paribas - had agreed in principle to put up funds for a capital increase.

The operation should be concluded before the summer, he said. Crédit du Nord's present capital is around FFr 1bn. Although M Dautresme gave no figures, officials said the bank was hoping for an injection of over FFr 200m to restructure the balance sheet, after being forced to declare overall provisions against doubtful risks of FFr 370m last year, against FFr 290m in 1981.

Paribas has a stake of just over 50 per cent in Crédit du Nord, with the Government holding the rest. Neither shareholder will be kept to put up the necessary cash injection.

Paribas is already troubled by financial difficulties throughout its network of industrial participation. The Government - which is concentrating available budgetary funds on plugging losses in the battery of state-owned industrial concerns - has until now been using the banks as a source of finance, rather than directing funds to them.

The bank said yesterday that a "strong part" of the increase in provisions for last year was due to its

exposure to Ribourel. The company, which has over-extended itself in building projects connected with the leisure industry, has been closely associated with Crédit du Nord for several years, and the bank was forced to take its shareholding in the group in autumn 1981 after the scale of its losses became apparent.

Ironically, the other main reason for the loss last year was the Government's desire to tap the banks for cash. M Dautresme pointed out that the bank paid a total of FFr 96m worth of corporate taxes and special banking levies to the state last year.

He presented the decision to pass full provisions for the Ribourel exposure as prudent banking policy.

Showing that the underlying business of the bank continued solidly, Crédit du Nord's gross operating profit before taxes, depreciation and provisions rose 4.7 per cent to FFr 513.3m last year.

The bank, which is one of the top 10 banking institutions in France and is ranked as Number 5 or 6 among commercial banks, registered a balance sheet of FFr 54.7bn.

U.S. INSURANCE

A Family's impossible achievement.

AMERICAN FAMILY Corporation, the world's largest underwriter of cancer insurance, is emerging rapidly from the most demanding period in its 22-year history - due largely to a feat which most U.S. corporations would consider impossible.

The Columbus, Georgia-based holding company whose major operating subsidiary is American Family Life Assurance Company, has been badly hit by adverse publicity in the U.S. But the company has a very unusual cushion to fall back on. More than half its net earnings are made in Japan where it insures about 8 per cent of the population.

American Family's main product, supplemental cancer insurance, reflects the immense improvement in medical services since World War Two. As life expectancy increased, so did the incidence of cancer, particularly in Japan, and today one in four Americans will develop it.

The company mainly writes policies limited to reimbursement for medical and surgical expenses of cancer, although the Japanese policy has a life insurance-type feature. Marketing is based mainly on cluster selling - sales staff approach companies, who then make cancer insurance available through deductions from payrolls.

American Family started as a family firm and to some extent remains one. It is chaired by its principal founder, Mr John Amos, who began selling cancer insurance in 1959 after two years of more conventional insurance activities.

Sales grew sharply, with total premium income up from \$600,000 in 1959 to more than \$7m in 1981. By 1974 the company was listed on the New York Stock Exchange, operating in 47 states, and in October of that year it received its licence to operate in Japan.

Premium income and revenues took off in the 1970s, helped by a rapid increase in Japanese business, which took net earnings there from \$111,000 in 1974 to \$3.3m in 1978. Net earnings per share for the whole group rose from 34 cents in 1970 to \$2.23 in 1978, when premium income had reached \$287m.

Then, in November 1978, "a fire started that some thought was going to burn down the building," as Mr Amos puts it. A series of ABC network television reports on medical insurance for the elderly heavily criticised cancer insurance, and subsequent press coverage developed the theme.

Over the next two years, the company says, U.S. sales staff found increased resistance, policies lapsed and recruitment of agents became difficult. The company, by now heavily reliant on the success of cancer insurance, had no alternative but to defend itself with everything it had.

While the legal battle between American Family and ABC remains unresolved, the insurance company fought back on the political front at a Senate hearing in June 1980, where it felt it defended its products and practices successfully. It considers this to be the turning point.

However, its previously strong earnings growth in the U.S. had been checked. Rapidly rising medical costs increased claims, but the company felt unable to raise its premiums until 1982. The resulting squeeze on margins caused a sharp fall in earnings per share to \$1.47 in 1980 and \$1.13 in 1981.

But American Family now says its domestic operation has re-established its momentum, helped by improvements in marketing and management changes introduced in the company's difficult period. Total net earnings rose 34 per cent in 1982 to \$24.7m or \$1.58 a share, with premium income up from \$450m to \$576m.

Claims are still rising, but as Mr Lee Anderson, vice-president for investor relations, said in London recently: "The greatest asset we have is a growing army of claimants. They love us."

Meanwhile, earnings in Japan have continued to rise unchecked.

Net profits have jumped from \$7.3m in 1979 to \$17.9m in 1982, despite last year's weaker year. The company attributes its success in Japan not only to the product, but to a management team staffed wholly by Japanese nationals. A system allowing companies to form subsidiary insurance agencies to offer the product to employees has also been important.

For the future, American Family intends to keep cancer insurance as its dominant product. There are other activities, however. The company has five profitable TV stations in the south and mid-west of the U.S.

Goals include greater penetration into the more heavily populated U.S. states. In Japan the company expects to have 10 per cent of the population insured by next year, and has 30 per cent as its long-term goal. The company is licensed in the UK, but does not yet do business. It is also investigating the West German market. Financial goals include restoring net earnings in the U.S. to at least 5 per cent of revenues by 1985 from the 2.25 per cent level in 1982.

Barring any miracle cure for cancer, which seems as far off now as ever, the company sees a bright future. "We are nowhere near the saturation point in the market," says Mr Amos.

BY ANDREW BAXTER IN LONDON

BY OUR FINANCIAL STAFF

FEDERAL NATIONAL Mortgage Association, the U.S. government-sponsored mortgage lender, has reported net income of \$15m for the first quarter of 1983 - the first profit the company has shown since the final quarter of 1980.

The latest quarterly result compares with a net loss of \$42.8m in the first quarter of last year and with a net loss of \$5.7m in the final quarter of 1982. The company recorded a net gain on mortgage sales of \$30.3m and the latest profit advance translates to stated earnings of 22 cents per share, fully diluted.

Revenues rose from \$1.61bn to \$2.06bn.

Mr David O. Maxwell, chairman, said the turnaround resulted mainly from an improved yield on assets, but warned it would take some time to correct the asset-liability mismatch which had been caused by low-yielding loans.

Mixed results for Dutch insurers

By Our Financial Staff

AMEV, the Dutch insurance group, has achieved an increase of 9 per cent in net profits for 1982. The results contrast with those from rival group, Enna, where profits for last year deteriorated.

AMEV's earnings rose to Fl 178.4m (\$83m) from Fl 163.3m a year earlier. The company plans a Fl 7.80 cash dividend per share, up from an adjusted Fl 7 in 1981.

Enna's after-tax profit declined by 9.5 per cent to Fl 82.1m. The company will pay a maintained Fl 9.80 dividend.

Sharp reverse for W. R. Grace

By Our Financial Staff

W. R. GRACE, the big U.S. manufacturer of specialty and agricultural chemicals, has reported first-quarter net earnings of \$32.9m, down sharply from \$144.1m in the comparable period of 1982.

However, the 1982 figure includes a \$85.1m gain on the restructuring of Chemed, the specialty chemicals subsidiary. Fully diluted per-share earnings were 67 cents in the latest period, down from \$2.94, and revenues fell from \$1.46bn to \$1.35bn.

The company said the fall in earnings represented the low point for the year. It attributed the decline partly to sharply lower results from natural resources operations, particularly its energy services business, which incurred a small loss as a result of the decline in U.S. drilling activity.

Operating earnings in the specialty chemical business fell 3 per cent to \$28.1m, while agricultural chemicals earned \$14.1m, down 11 per cent.

Earlier this year W. R. Grace reported a 12 per cent fall in 1982 net earnings to \$319.5m. Revenues dropped from \$6.54bn to \$6.13bn.

Recovery for Swiss charter airline

BY JOHN WICKS IN ZURICH

BALAIR, Switzerland's leading charter airline, returned to profit last year. The Basle-based company, 51 per cent of whose capital is held by Swissair, booked net earnings of SwFr 2.08m (\$1.02m) after a net loss in 1981 of SwFr 2.22m. The board will, however, again propose the passing of a dividend to cover a carried-over loss of SwFr 1.85m.

The improvement took place despite a 4.5 per cent drop in turnover to SwFr 164.5m and an increase in depreciation by almost SwFr 1m to SwFr 10.45m. The return to profitability was due to a 7.5 per cent cut in costs before depreciation to SwFr 152m, a reduction resulting primarily from the airline concentrating on short-distance charters.

Herr Heinrich Moser, Balair director, drew attention to "ruinous competition" on North Atlantic and Far Eastern charters.

Swiss Industrial Company (Sig), of Neuchâtel am Rhodan, has bought the railway machinery manufacturer Matras from the Canadian concern Canron.

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INTL. COMPANIES and FINANCE

Sino Land makes HK property provision

By Andrew Fisher in Hong Kong

THE WEAK state of the Hong Kong property market has led Sino Land Company to make a special provision of HK\$ 146m (US\$22m) to cover the fall in investment values in the sector.

Sino Land, which went public two years ago, reported a sharply higher pre-tax profit for the six months to end-December of HK\$180m against HK\$9.7m.

The company had already taken in a portion of these profits in its full financial year's results for 1981-82. In the latest provision, it means that net profits emerged at only HK\$167,000 compared with HK\$3m.

It described the provision as reflecting "a conservative approach" by the company to cover the expected loss on investment in associated and related companies stemming from lower property values.

Earnings per share before the special provision were 21 cents against 0.45 cents.

But Sino Land did hold out some hope of an improvement in the property sector, especially for small residential flats. It said the market was more active here with prices having hit the bottom and having started heading for an upturn.

Limits raised on offshore loans by Japanese banks

BY YOKO SHIMATA IN TOKYO

The Ministry of Finance has set the quota on offshore loans by Japanese banks for the current April to September period, and has issued a new guideline on offshore lending after assessing the banks' overseas loan programmes.

The new quota sets offshore loans at ¥700bn (US\$2.94bn) against ¥580bn for the previous October to March period. The Ministry bowed to requests by the banks to lift the ceiling on offshore yen loans in order to meet vigorous overseas demand.

The loans carry interest rates well below those on dollar loans.

The ceiling on dollar denominated offshore loans was reset at US\$80bn—unchanged on the immediately preceding six

months—reflecting Japanese banks' caution on lending to developing nations.

The new guideline, which is designed to restrain Japanese banks from making excessive overseas loans, suggests limiting foreign currency assets to 15 times the bank's equity capital. In addition, it suggests that inter-bank capital transactions in the Eurocredit market should be limited to less than 60 per cent of the bank's foreign currency assets.

Japanese banks' foreign currency asset holdings are currently estimated at around \$350bn—about 10 times the banks' combined equity capital and well below the new limit.

Requests by some of the banks that loans committed to the rescue package arranged by the international banking community for heavily indebted sovereign borrowers should be separated from the ordinary quotas, were turned down by the authority. This means that banks having a large commitment to the rescue packages for Mexico and Brazil, will be constrained in terms of loans to the rest of the world.

In response to a further request by the banks, the authority agreed to approve the use of yen credits for part of the rescue packages, but only as far as this is provided for within the framework of the offshore yen loans permitted by the individual banks.

Surplus at Securities of Kuwait

BY KATHLEEN EVANS IN KUWAIT

IN ITS first ever published results, the Securities Group of Kuwait, the only active market maker on the official Kuwait Stock Exchange, has recorded a turnover of KD 470m (\$1.6bn) for 1982, and net profits of KD 14.4m (\$49m). The board has decided, however, not to distribute any profits.

The company says it was not active on the Souk al Manakh stock exchange, the country's unofficial market, which collapsed last year leaving \$94bn of unclaimed post-dated

cheques. However, some KD 124.5m (\$428m) in post-dated cheques were recorded on forward deals on the official exchange. Spot dealings, in contrast, totalled in number 2,400 transactions amounting to KD 344m (\$1.2bn).

Assessing the value of post-dated cheques on forward deals has been a major problem for many Kuwaiti companies. Following recommendations from its auditors, the Securities Group has decided to put some KD 20m (\$69m) to a special

reserve. The board opted to supplement this by a further KD 8m (\$27.5m).

Despite its apparent use of post-dated cheques in forward deals, the company referred in its annual report to such cheques as being "the most dangerous instrument of credit creation."

The report also recommended a traded option system to be adopted by the official exchange, by which buyers and sellers are required to deposit immediately full cover.

INTERNATIONAL APPOINTMENTS

New chairman at Bank Hofmann

Dr William Wirth, a general manager of Credit Suisse, has been appointed chairman of BANK HOFMANN, Zurich, in succession to Mr. Walter Fessler. Mr. Werner Wackerle has been named board vice-chairman, and Mr. Jack Bohl, chairman and managing director of Reisebüro Knecht, a board member.

Mr. Paul A. Rhinow will succeed Dr Theodor Stoffer as manager of the INTERNATIONAL AIRPORT BASEL/MULHOUSE on August 1.

Mr. J. W. Lett-Packard, COMPANY has elected co-founder William R. Hewlett to the new post of vice-chairman of the board. He will leave the executive committee as well as co-founder Mr. David Packard, who will remain chairman of the board.

Mr. John A. Young will succeed Mr. William Hewlett as chairman of the executive committee and continue as president and chief executive. Mr. Richard C. Alherding has been elected a senior vice-president, succeeding Mr. William R. Hewlett, who will retire on April 30. The company has also named Mr. Richard A. Hackborn and Mr. Lewis E. Platt vice-presidents.

Mr. Norman N. Farr has been appointed president of MOBIL LAND DEVELOPMENT CORP., a wholly-owned subsidiary of Mobil Corp. He was vice-president of Mobil South Inc. He has served as president and general manager of Mobil Oil Philippines Inc. and as executive vice-president of Mobil Sekiyu, Mobil's principal affiliate in Japan.

Mr. Oscar Berchard, president and chief executive officer of The Ore and Chemical Corp. has been elected chairman of the board of COMMODITY EXCHANGE INC. (COMEX). Mr. John L. Morone, president of Sisu Corp., was re-elected vice-chairman of the board (floor group). Mr. Henry G. Jurek, chairman of Mocatia Metals Corp. and Mr. John D. Coffin, executive vice-president of Drexel Burnham Lambert Inc. were elected vice-chairmen of the board (trade group) and commission house group, respectively.

Dr. Andrew R. Brimmer, president of Brimmer and Co., was re-elected vice-chairman from the general/non-member group. Mr. Irving Bedel was re-elected treasurer of the exchange.

Mr. Robert W. Truxell has joined GENERAL DYNAMICS CORP. as vice-president-general manager, and systems division, based in Detroit, Michigan. He has been elected a corporate vice-president by the General Dynamics board. Mr. Truxell, 50, plans to retire from General Motors Corp. after more than 40 years of service, will have responsibility for all operations of Land Systems.

Mr. Joel Katz has been named executive vice-president of the PLAYBOY CABLE NETWORK. He has been senior vice-president, administration and business affairs, for the Playboy Cable Network since last August. One of his new roles is the supervision of the Playboy Distribution Company, which syndicates programming for the Playboy Channel to free and pay-TV outlets worldwide.

PKBANK has nominated R. Rene Barrens first executive vice-president and deputy president. His responsibility comprises international operations, the newly-formed corporate division, and branch operations. Mr. Lars E. Fiehl, his predecessor and deputy president, will continue

to represent the bank as member of the respective boards of its Swedish subsidiaries and affiliates.

Mr. William S. Paley, chairman of CBS, Inc. and Frank Stanton, president emeritus of CBS, have been elected to the board of the INTERNATIONAL HERALD TRIBUNE as representatives of Whitney

communications Corp., one of the owners of the Paris-based, English language, daily newspaper. Mr. David L. Gorham, senior vice-president and chief financial officer of the New York Times, has been appointed a director. Mr. Paley has been elected a co-chairman of the newspaper, along with Mrs. Katharine Graham, chairman of the Washington Post Company, and Mr. Arthur O. Sulzberger, chairman of the New York Times Company and publisher of the New York Times.

Mr. Charles E. Macfarlane has been appointed director of licensing and acquisitions for NORWICH EATON PHARMACEUTICALS, INC. He comes to Norwich Eaton from Procter and Gamble, which acquired Norwich Eaton on June 9, 1982, where he was responsible for managing the international expansion of pharmaceutical products, which are now becoming part of the Norwich Eaton line.

Mr. David H. Tocher has been elected an assistant controller of PENNVALT CORP., of Philadelphia. Before joining the company late last year as director of taxes, he was director of tax operations at SmithKline Beecham Corp.

North American Quarterly Results

AUTOMATIC DATA				NOWAN COMPANIES			
Third quarter	1982-83	1981-82		First quarter	1982	1981	
Revenue	\$	\$		Revenue	\$	\$	
Net profits	185.97m	178.52m		Net profits	94.5m	78.1m	
Net per share	10.71	10.25m		Net per share	0.27	0.27	
Six months				Six months			
Revenue	548.25m	495.94m		Revenue	282.2m	286.2m	
Net profits	45.91m	41.4m		Net profits	12.1m	13.5m	
Net per share	1.34	1.23		Net per share	0.43	0.71	
BIOCYTUS-RENE				SQUAM D			
First quarter	1982	1981		First quarter	1982	1981	
Revenue	\$	\$		Revenue	\$	\$	
Net profits	144.3m	107.5m		Net profits	282.2m	286.2m	
Net per share	5.13m	7.24m		Net per share	0.43	0.71	
Net per share	0.14	0.37					
COLT INDUSTRIES				TANDY			
First quarter	1982	1981		Third quarter	1982-83	1981-82	
Revenue	\$	\$		Revenue	\$	\$	
Net profits	365.1m	418.8m		Net profits	104.4m	108.5m	
Net per share	18.25m	25.48m		Net per share	57.4m	46.4m	
Net per share	0.86	0.96		Net per share	0.55	0.44	
GREAT WESTERN FINANCIAL				TEKTRONIX			
First quarter	1982	1981		Third quarter	1982-83	1981-82	
Revenue	\$	\$		Revenue	\$	\$	
Net profits	68.2m	72.1m		Net profits	375m	347.8m	
Net per share	0.22	0.22		Net per share	13.7m	25.6m	
Loss				Net per share	0.72	1.26	
MERCHULE				TEXAS OIL AND GAS			
First quarter	1982	1981		Second quarter	1982-83	1981-82	
Revenue	\$	\$		Revenue	\$	\$	
Net profits	802m	640m		Net profits	894.8m	481.7m	
Net per share	24.8m	21.8m		Net per share	73.5m	62.1m	
Net per share	0.54	0.50		Net per share	0.77	0.65	
OWENS ILLINOIS				W. W. GRANNING			
First quarter	1982	1981		First quarter	1982	1981	
Revenue	\$	\$		Revenue	\$	\$	
Net profits	882.8m	885.5m		Net profits	187m	199.5m	
Net per share	82.7m	82.7m		Net per share	8.4m	11.5m	
Net per share	0.20	0.21		Net per share	0.58	0.83	
PETRO-CANADA							
Year	1982	1981					
Revenue	\$	\$					
Net profits	3,360m	2,720m					
Net per share	19.8m	20.8m					

Trade Development Bank Holding S.A.
Luxembourg

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Trade Development Bank Holding S.A. (TDB Holding) will be held at Hotel Nobilis, 47, Avenue de la Gare, Luxembourg at 2.30 p.m. on 10th May, 1983 for the purpose of considering and voting on the following matters:

- Approval of the Chairman's Statement.
- Approval of the Statutory Auditors' report and the unconsolidated financial statements of the Company for the year ended 31st December, 1982.
- Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the year ended 31st December, 1982.
- Distribution of a dividend of US\$ 1.50 per share and the carrying forward of the balance of the profit.
- Election of the Board of Directors and of the Statutory Auditors for 1983. All the Directors are eligible and stand for re-election.
- Approval of the consolidated financial statements of the Company for the year ended 31st December, 1982.
- Amendment of the Articles of Incorporation to enable the Company to have interim financial years and statements to be submitted to the approval of the Shareholders at general meeting, and accordingly to determine interim dividends or other distributions in cash and/or in kind including the appropriation of profits to the redemption of shares to be held thereafter as treasury stock.
- Determination of an interim financial year ending 31st March, 1983.

By Order of the Board,
Edmond J. Saffra,
Chairman

NOTES:

Subject to the relevant resolution being approved, the dividend will be payable on 31st May, 1983: (i) in respect of registered shares to shareholders on the register as at 31st May, 1983 and (ii) in respect of bearer shares against surrender of Coupon No. 11 to any of the Paying Agents listed below.

Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting in person must produce a depositary receipt or present his share certificates to gain admission. If he wishes to be represented at the meeting, he must lodge a proxy duly completed together with a depositary receipt at the registered office of TDB Holding at 34, Avenue de la Porte-Neuve, Luxembourg, not later than 9th May, 1983 at 5.00 p.m. The shareholder may obtain the depositary receipt and, if required, the form of proxy from any of the banks listed below by lodging his share certificates at their office or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Annual General Meeting at his address on the register together with a form of proxy for use at the meeting. The proxy should be lodged at TDB Holding's office in accordance with the above instructions.

The remittance of the form of proxy will not preclude a shareholder from attending in person and voting at the meeting if he so desires. The resolutions may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one-fifth of the issued capital or more than two-fifths of all shares represented in person or by proxy at the meeting.

Copies of this notice and of the Annual Report including the financial statements of TDB Holding for the year ended 31st December, 1982, may be obtained at its registered office, and from any of the banks at the following addresses:

- *Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN.
- *Banque Internationale à Luxembourg S.A., 2, Boulevard Royal, Luxembourg.
- *Manufacturers Hanover Bank Belgium, 15, Rue de Ligne, 1000 Brussels.
- *Manufacturers Hanover Banque Nordique, 20, Rue de la Ville-Évêque, 75008 Paris.
- *Manufacturers Hanover Trust Company, 40 Wall Street, New York, N.Y. 10015.
- *Manufacturers Hanover Trust Company, Boecklinstrasse Landstr. 31/33, Frankfurt.
- *Republic National Bank of New York, 432 Fifth Avenue, New York, N.Y. 10018.
- Trade Development Bank, 23, Corso S. Gotardo, 6830 Chiasso, I.
- *Trade Development Bank, 30 Mooument Street, London EC3R 8LH.
- Trade Development Bank (France) S.A., 20, Place Vendôme, 75001 Paris.
- *Trade Development Bank (Luxembourg) S.A., 34, Avenue de la Porte-Neuve, Luxembourg.
- Trade Development Bank, 2, Place du Lac, 1204 Geneva.

*Paying Agent of TDB Holding.

This announcement appears as a matter of record only.



Fletcher Challenge Limited

NZ\$30,000,000

10% Bearer Notes
Maturing 1987-1988

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Development Finance Corporation of New Zealand
through arrangements made in association with

Indosuez New Zealand Limited

The Long-Term Credit Bank of Japan Limited

Saudi International Bank
Al-Bank Al-Saudi Al-Alami Limited

Société Générale

March 1983

THE PHILIPPINE
INVESTMENT COMPANY S.A.
Net Asset Value as of
March 31, 1983
U.S.\$5.24


Listed Luxembourg
Stock Exchange
Agent:
Banque Générale de Luxembourg
Investment Bankers
Manila Pacific Securities, SA

Raymond Snoddy on how a UK amplifier maker is taking on Japanese competition

products you need to start your own business. Began 13 years ago as an outlet for 66 items from sources around the world.

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GENERAL  **U.S.A.**

his house on the line as ultimate guarantee of the bank loan.

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learned about running an electronics company and where his father — at the age of 60 — has started up again manufacturing electronic security alarm systems.

individuals and over 1m by approved investment funds using the start-up scheme relief at £1.04 each. AMI manufactures major clinical chemistry blood analysers.

far, coverage of the subject has been confined to news and current affairs, or educational programmes. What is different about *Flying Start* is that it is

with negotiating a global switch to D-time, he would be beaverling away in some advance factory units ensuring

prize money, with no shortage of private sector backers. Potential winners might even make winning the show, with all the attendant publicity, an integral part of their marketing strategy.

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Finance Companies need not reply

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COMPANY NOTICES

NOTICE TO

THE HOLDERS OF

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In accordance with the terms and conditions of the Notes, the Interest Rate for the period from 15th April, 1983 to 15th October, 1983 (183 days) has been fixed at 9.625% p.a.

Interest for the period will be paid on October 15, 1983 at KD 48.257 per coupon.

KUWAIT INTERNATIONAL INVESTMENT

CO. S.A.K.
(Agent)

UK NEWS

Appeal launched over insurance 'slip' cancellation

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT judge's decision that there was a "custom or practice" in the London insurance market, whereby an insurance slip could be cancelled while going to the rounds of the market, was challenged in the Court of Appeal yesterday.

Mr Justice Staughton's ruling in the Commercial Court in October, 1981, had far-reaching implications for the insurance world but had been entirely against the weight of the evidence, the appeal court was told.

A "slip" is a piece of paper on which a broker obtains a series of signatures of underwriters prepared to accept a proportion of a risk. It is commonly treated as a contract which does not have to be superseded by a policy.

The challenge came from General Reinsurance Corporation, which was the first of 25 specific reinsurers of risks insured by Forsikringsaktiebolaget Fennia Petria (Fennia) in connection with consignments of paper, one of which was destroyed by a fire in an Antwerp warehouse covered by the specific reinsurance.

GRC had initiated a retrospective amendment slip which, if binding, would have limited its liability to its proportion of the FM 2m (£240,000) of the FM 27m loss for which Fennia was liable. If the slip was not binding GRC would be liable for its proportion of FM 12m.

Mr Justice Staughton rejected GRC's contention that the amendment, which Fennia claimed to have validly cancelled, was binding—even though it had not been signed by all 28 reinsurers.

He gave judgment against GRC for FM 3,409,195, with interest of FM 1,477,315.

The judge said that while an original slip was going round the market, and was not yet 100 per cent subscribed, those underwriters who had signed accepted that it might be cancelled, although they might require time-on-risk premium if the cover had already begun.

While there appeared to be no such custom or practice concerning amendment slips as such, the judge could see no reason why, what he was satisfied existed in relation to original slips, should not extend to amendments.

Business efficiency also supported the existence of a right to cancel, he said.

Mr Justice Staughton said that his ruling applied generally, although made in a dispute about a risk placed in the non-marine market, with companies as opposed to Lloyd's underwriters, and for reinsurance rather than direct insurance.

Appealing against that ruling Mr James Fox-Andrews QC, for GRC, said yesterday that there was not certain evidence that such a custom or practice existed in the London market. Far from being notorious, it had clearly not been known to GRC when it signed the amendment.

Its existence was not clear, he said, and was not convincing and consistent, as required by the principles that applied to a question about whether or not a particular usage had been established.

As for business efficiency, said Mr Fox-Andrews, such an implied right to cancel would have been most unreasonable. He commented that one of Fennia's expert witnesses had been prepared to go no further than saying that the parties would have agreed only reluctantly to such a term.

The hearing continues today.

From bomb disposal to consultancy Elms finds another way to grow

BY ANDREW FISHER

MR HARRY E. ELMS used to be known as "High Explosive Elms" during his time as a bomb disposal expert. Now, in these gentler times, he has taken on the equally delicate, though less dangerous, task of building a new enterprise.

Late last year, he formed Harry E. Elms Associates, a Bedford to act as go-between in unusual and specialised deals, some verging on the bizarre.

The first was fairly down to earth: arranging the building of six mobile home units for European managers in charge of supermarket construction in Algeria. On that deal, commission was £180,000.

Such purpose-built units are Mr Elms's speciality. But his company was set up to move into wider fields and at present he has a list of around 20 pending and potential projects.

Second-hand aircraft for Australia and mobile egg and chicken shops for Nigeria are among them.

Between dismantling bombs along Britain's east coast while with the Royal Air Force in the late 1940s and forming his company, Mr Elms spent 11 years in Africa with Unilever, Unilever and Blackwood Hodge and acted as a management consultant.

He left his last job as general manager of CAP Bodies, a vehicle company in Sandy near Bedford, to design his own big specialist vehicles, including mobile supermarkets. Then he decided to branch out, taking on consultants who could generate business and work from home.

"I thought there must be plenty of people on the market who would know of deals and could handle some of them," he admitted, receiving more than 90 replies and shortlisted 19 people. From these, he chose seven.

In the first full financial year from this month Mr Elms hopes to do about £1.5m of business on mobile units. He plans employing a full-time person to sell the units and three permanent consultants.

He reckons the company needs turnover of £1.2m on mobiles to break even; the other £300,000 was added as a worthwhile target.

Since last December, the company has actually quoted for total business of £4.7m on mobile units. They cost upwards of £80,000 for kitchen, shop, or warehouse and with another £25,000 for the tractor unit.

From this, the company wholly owned by Mr Elms who, at the start—will take fees of up to 10 per cent.

One deal now going through involves the supply of £4m worth of equipment and technology for a brewery in Uganda. The Elms fee will be around 1 per cent.

Others cover low-cost housing for Indonesia, West Africa and Sri Lanka, a £2m project for mobile fish handling units in Nigeria, finding a £1.7m hitmen taker for Saudi Arabia, and £1.5m worth of machinery for a soft drinks factory in Nigeria.

The company is also working on the daily supply of 200,000 barrels of crude oil from Saudi Arabia to a customer in continental Europe. The total deal would be worth some £4m, with Elms taking 1-1½ cents a barrel in commission.



Harry Elms... delicate tasks

UK COMPANY NEWS

Currys boosts dividend as profits expand to £15m

AFTER A substantial increase in the provision for unmetred profit on credit trading from £1.68m to £1.13m, taxable profits of electrical appliances, television, radio and video equipment retailer, Currys Group expanded from £11.7m to £15.06m for the year ended January 26 1983.

Excluding VAT of £44.27m (236.36m) group turnover amounted to £393.57m, a 5.9% increase over the previous year. Stated earnings per 25p share were 4p higher at 20.8p and the net dividend is boosted from 4.95p to 6.75p per share with a final payment of 5.75p.

At the interim stage profits had fallen from £4.45m to £3.89m but the directors said that, overall, prospects for the second half appeared favourable, and that they expected satisfactory results for the full year.

Mr Dennis Curry, chairman, says there has been very little price inflation on the company's merchandise over the past year, but recent events on the currency market are likely to cause a number of price increases on imported goods in the weeks ahead.

On the video recorder front, the recent accord between the EEC and the Japanese Ministry for International Trade will re-

duce the number of Japanese video recorders coming into the UK, and those that do come in may be at noticeably higher prices.

"It is difficult at this stage to judge precisely the consequences of this, but we do not anticipate it will have an adverse effect on our trading position."

Sales so far this year have been usefully up on those of a year ago and, if this trend continues throughout the year, the company should see a satisfactory year-end profit, Mr Curry states.

There has been a very significant increase in the group's rental assets from £17m to £25m, indicating the speed of its development, and the rental business is now producing useful profits after charging to it all the costs of financing.

The chairman points out that for the first time for many years the company had a sizeable net borrowing at the year-end of £5m. This figure was within the group's planned expansion budget, and resulted mainly from the funding of rental and an increase in hire purchase balances.

In addition the company acquired and opened 20 new trading outlets and re-located a further 18 into larger premises,

Blockleys expands by 61% to £0.6m

A leap of 61 per cent in pre-tax profits from £404,896 to £652,017 was shown by Blockleys for 1982. Turnover of this facing brick maker moved ahead from £3.13m to £3.68m, a high total dividend has been recommended.

Sales for the second half were 25 per cent up on the level achieved in the second half of 1981 say the directors. They say the pre-tax results improved because of tight control of expenses and an improvement in gross margins.

The net dividend has been lifted from 5.37p to 7.5p, which raises the total from 7.3p to 10p. Net earnings per 20p share were shown as rising from 15.52p to 18.45p.

At the trading level profits rose sharply from £400,283 to £652,017. Interest receivable last time came to 4,643.

Tax rose from £168,000 to £271,000, which this time included £70,000 relating to prior years (disputed). After dividends absorbed £154,300 (£113,700) the retained balance emerged little changed at £126,817 compared with £123,236.

Royal Insurance 'will not write unprofitable business'

MR JOHN HOWARD, chief general manager of Royal Insurance, in his review of the operations of the group in the 1982 report and accounts, emphasises that it was the cornerstone of group policy not to write business at inadequate rates just to maintain market share. Let alone increase it.

He confirms that the group's basic policies, outlined two years ago, remained in force in that the long-term objective was to at least maintain the group's overall market share and where appropriate to increase it.

This policy involved considering for each main class of business, the overall insurance result, combining underwriting balance and investment income in setting rates.

Mr Howard emphasises that this approach did not imply, as was sometimes suggested, that underwriting losses were generally acceptable. In actual figures of just how much, or how little, attributable investment income contributes to the overall profit to be as valuable a discipline as maintaining sound underwriting standards.

As already reported, pre-tax profits of Royal fell from £17.5m to £9.5m after underwriting losses had climbed from £10.3m to £16.8m and investment income had improved from £15.2m to

London and Continental Advertising rises 29%

AS EXPECTED, 1982 profits of London and Continental Advertising Holdings show an improvement, with a 29 per cent increase at the pre-tax level from £318,058 to £410,356. Turnover of this USM company also rose by 29 per cent from £1.73m to £2.23m.

At the interim stage, reporting profits up from £184,232 to £205,112, the directors said the outlook was promising and they anticipated the year's results would be ahead of 1981.

The dividend for the year is being stepped up from 6.15p to 0.2p net per 20p share.

The directors look forward with great confidence to the current year, say the company, the year placed to take advantage of every opportunity.

The prestigious London Transport roadside advertising business won since the end of the year has placed the company in the forefront of the poster advertising business.

The benefits from this new joint venture will start to come through in the current year.

In the year under review, the group balance sheet was strengthened and its financial resources were substantially extended.

All divisions within the group performed well, but the major thrust of the expansion was from poster activities.

Earnings per share for 1982 increased from 1.05p to 1.27p. The tax charge was £50,000 higher at £210,000, an extraordinary debit took £21,249 this time and there was also a minority profit of £144 (£105 loss).

Electro-protective widens appeal

BY DAVID DODWELL

Electro-protective Corporation, the U.S.-based security group owned by Mr Michael Ashcroft's Hawley Group, is to be incorporated into a Bermuda-based holding company so that U.S. investors can buy Electro-protective shares.

Mr Ashcroft explained yesterday that when the parent Electro-protective for £23.6m (then worth £13m) in August 1981, he had to include a prohibition in the company's articles preventing the company's shares from being offered to U.S. investors.

The incorporation in Bermuda, as a wholly-owned subsidiary of Electro-protective Ltd., will enable U.S. investors to buy shares once it comes into effect on Friday.

Mr Ashcroft said a number of U.S. firms had expressed interest in buying shares. In addition, the company was planning a share-buying scheme for employees.

The announcement coincided with news that Electro-protective had bought four new burglar and fire alarm stations in Ohio for \$3.7m. The investment is the first outside the east coast of the U.S., and follows the purchase in December of companies in New Jersey and New England, worth \$5.3m.

On the company reorganisation, Mr Ashcroft said shareholders in Electro-protective Corporation will cease to hold shares in that company, but would hold shares in Electro-protective instead. Hawley Group, a subsidiary of Electro-protective shares, and has approved the reorganisation.

Shareholdings were suspended late in February following an announcement that the company had purchased Jeweller's Protection Services of New York for \$36m. Security Centres is understood to have narrowly beaten Michael Ashcroft's Electro-protective Corporation in snapping up the company — New York's second largest security group.

Shares leapt from 330p to 350p before the company asked for dealings to be suspended. Jeweller's was the third linked purchase by the U.S. in as many months, after first entering the U.S. through Gibraltar Central Security Corporation in Miami in June last year.

City of Bristol makes £35m stock issue

In the second major local authority stock issue within a week, the City of Bristol is offering £35m 11½ per cent loan stock redeemable in 2008, at 98½m per cent. A week ago the Borough of Bristol offered £20m redeemable stock 2008, which was oversubscribed.

The Bristol stock is payable as to £20 per cent on application and £75 per cent on October 12 1983. The fully grossed up redemption yield is 11.74 per cent.

Brokers to the issue are Pender & Boyle, and Butler, Laing & Cruickshank.

comment

The gross redemption yield on the Bristol stock is at a fractionally tighter premium over the comparable gilts, than was last week's offer from Sunderland. But the counterbalancing factors in the smaller part paid element — only £20 — and in the greater size of the Bristol. In theory that should make it more marketable, and in fact it seems that some local authorities are currently buying up their stock in the market. That is a good sign for Bristol, who could probably have got better terms from the Public Works Loan Board, had the council not already exceeded its quota. These issues have recently tended to imitate the delays in delaying the announcement of terms to the last possible moment. Bristol evidently preferred the certainty of fixed terms, while the brokers to the issue have an extra 0.25 per cent underwriting fee for their daring.

Feb Intl. down slightly pre-tax

ALTHOUGH THERE was an improvement in second half profits of £40,000 to £80,000 pre-tax, Feb Intl. Chemicals, chemical manufacturer and retail distributor of building materials, finished 1982 just behind at £882,000, compared with a previous £909,000.

Sales were well ahead at £21.5m, against £16.43m for 1981.

After lower tax, however, of £258,000 (£258,000) net profits amounted to £504,000 compared with £481,000, giving earnings per share of 7.57p, up from 7.05p a year earlier.

The dividend is lifted from 2.25p to 2.42p net with a final payment of 1.5p, the total exor-

ing £181,000 (£154,000). Mr Gordon Fisher, chairman, and his wife have waived their final dividend on 800,000 shares.

Trading in the opening weeks of the current year has been encouraging and providing the improvement in the building and construction activity continues, Mr Fisher feels confident that the group can look forward to "another year of progress."

In their interim report last October, the directors said that the increase in sales and trading surplus to £9.5m (£8m) and £760,000 (£719,000) respectively — was achieved despite adverse winter weather and a

reorganisation of certain overseas sales arrangements.

They added that underlying trends with in the group continued to improve with the consolidation of existing activities complemented by expanding investment in overseas markets.

Pre-tax figure for 1982 was after depreciation of £345,000 (£279,000) and interest charges of £251,000 (£238,000). After the tax charge and dividends, the amount retained was £353,000 against £327,000.

Net tangible assets totalled £3.7m (£3.01m) at the year end, equal to 49.22p (44.05p) per share.

StanChart capital account expenditure

In his annual review, Lord Barber, chairman of Standard Chartered Bank, says that the group's continued expansion on capital account, with total outlays during 1982 of £115m.

Unforeseen delays have led to a bunching of premises expenditure in the period 1982-1984, particularly on three major projects in Britain, Singapore and South Africa, "and rigorous control is being exercised to contain working premises spending," the chairman states.

Meanwhile there is a continuing need to spend heavily on telecommunications and computer equipment, "if the bank is to take advantage of the opportunities to improve service and efficiency."

As reported on March 23, the group's pre-tax profit fell by 7 per cent from £280m to £244m. Specific provisions against bad and doubtful debts more than doubled to £72m and directors judged it prudent to add £15m to the general debt provision which currently stands at £88m. Meeting, Connaught Rooms, WC, on May 12, noon.

GROVEWOOD SECURITIES LIMITED

£17 MILLION PRE-TAX PROFIT FOR 1982
INCREASE OF £1.2 MILLION

John Danny, Chairman and Chief Executive, states:

In reporting a £17 million profit for 1982, I would like to thank all those in the Grovewood Group who contributed to this result — a record for the fifteenth consecutive year.

Nowadays, there is massive competition for the provision of funds for private companies and family businesses, the financial pages of National newspapers containing numerous advertisements.

Our best advertisement is the people who have already joined Grovewood. Names are shown in our Report and Accounts and any of them can be asked privately how they feel about their association with Grovewood and its friendly and stimulating environment.

15 YEAR PROFIT RECORD			
1982 £17.010 million		£ million	
1981	15-823	1974	3-279
1980	14-409	1973	2-805
1979	13-230	1972	1-945
1978	11-235	1971	-912
1977	7-160	1970	-626
1976	5-646	1969	-494
1975	3-667	1968	-436

Entrepreneurs sell to us part of their shareholdings, retaining management control, and we purchase the balance over periods suitable to them. These happy and prosperous "partnerships" are what Grovewood is all about.

We shall be glad to receive enquiries which will be dealt with promptly and confidentially.

SCIENTIFIC INSTRUMENTS, BUILDING MATERIALS, MERCHANT BANKING SERVICES, TELEVISION, ELECTRICAL AND HOUSEHOLD GOODS, ELECTRONIC COMPONENTS, ENGINEERING, AGRICULTURAL MACHINERY AND SPARES, MOTOR VEHICLES, MOTOR RACING CIRCUITS, MEDICAL AND NURSING SERVICES.

GROVEWOOD SECURITIES LIMITED
45 Circus Road, London NW8 9JJ.
A MEMBER OF EAGLE STAR GROUP

**NatWest**
Registrars Department

National Westminster Bank PLC has been appointed Registrar of

RIT AND NORTHERN PLC.

All documents for registration and correspondence should in future be sent to:

National Westminster Bank PLC
Registrar's Department
PO Box No 82
37 Broad Street
Bristol BS99 7NH

Telephone Bristol (STD Code 0272)
Register enquiries 290711
Other matters 263000

The registers may be inspected as provided by the Companies Act 1948 (as amended) at:

National Westminster Bank PLC
14 Blythswood Square
Glasgow G2 4AQ

Twinlock PLC

Preliminary Results for the Year to 27th February, 1983

	1983	1982
Sales	31,517	29,100
Profit before Taxation	1,072	563
Profit after Taxation	755	372
Extraordinary Items	(85)	(595)
Dividends (net)	(187)	—
— Final	(187)	—
Transferred to Reserves	490	(268)
Earnings per Ordinary Share	4.34p	1.53p

The Chairman, Mr John Murray, commented:—

- Our UK businesses recovered strongly and did well throughout the year.
- Our overseas companies made less profit as a result of lower activity levels in the latter part of the year.
- A final dividend of 0.5 pence net per share is proposed, making a total of 0.9 pence net per share for the year as a whole.

The Report and Accounts will be posted on 17th May and the Annual General Meeting will be held on 10th June, 1983.

Channel Islands and International Investment Trust Limited

The following is the statement by the Chairman, Sir Clement Penruddock, C.B.E.

The consolidated gross revenue amounted to £428,095 and the consolidated net revenue after providing for management expenses, loan interest and taxation amounted to £205,910. Comparison of the figures with similar details for 1981 shows a small drop in dividend receipts and though the dealing company was successful its performance was somewhat below the exceptional figures achieved in 1981.

A dividend of 40%, less Jersey Income Tax, payable on the income shares on 21st April 1983 is recommended. This will absorb £320,000 out of the balance of £460,345 on the revenue account for distribution for the year ended 31st December 1982 and will leave a sum of £140,345 to be carried forward in the accounts of the Company. In previous years the high level of cash deposits held has worked to the advantage of income shareholders and to the detriment of the capital shareholders. As the cash held for investment purposes is at a lower level than in earlier years the scope for a further dividend increase has been restricted. I would like to remind shareholders that it is intended that the Company be dissolved on some date between 31st December 1986 and 31st December 1991.

During 1982 the Financial Times Industrial Ordinary Share Index rose by 12.5% while the

All-Share Index rose by 22.1%. The Dow Jones Industrial Index rose by 19.6% whilst Sterling declined by 15.6% against the U.S. dollar during 1982 again assisting the performance of our overseas investments. The proportion of the portfolio invested in the United States rose sharply during 1982 with reduced holdings in other overseas markets.

The assets per capital share rose by 20.8% during 1982 and I believe that this can be considered satisfactory bearing in mind the longer term record of the Company and the many problems in the world. In spite of the many political and economic uncertainties I am hopeful that we shall be able to continue to make progress for both classes of shareholders.


Year to December 31st	1982	1981
Revenue before Tax	382,393	415,663
Net Revenue	305,910	332,530
Total Assets Capital Shares	7,542,190	6,244,442
Assets per Capital Share	377.1p	312.2p
Dividends per Income Share	40.00p	40.00p

Walter Lawrence P.L.C.

Pre-tax profits increased by 22%

Results for the year ended 31st December 1982

	Year ended 31st December 1982	Year ended 31st December 1981
Turnover	68,316	63,366
Profit before taxation	2,236	1,838
Earnings per share (adjusted for tax)	40.5p	33.2p
Dividends per share	9.3p	8.28p

**Walter Lawrence**

Construction: Housebuilding
Property: Manufacturing and Engineering

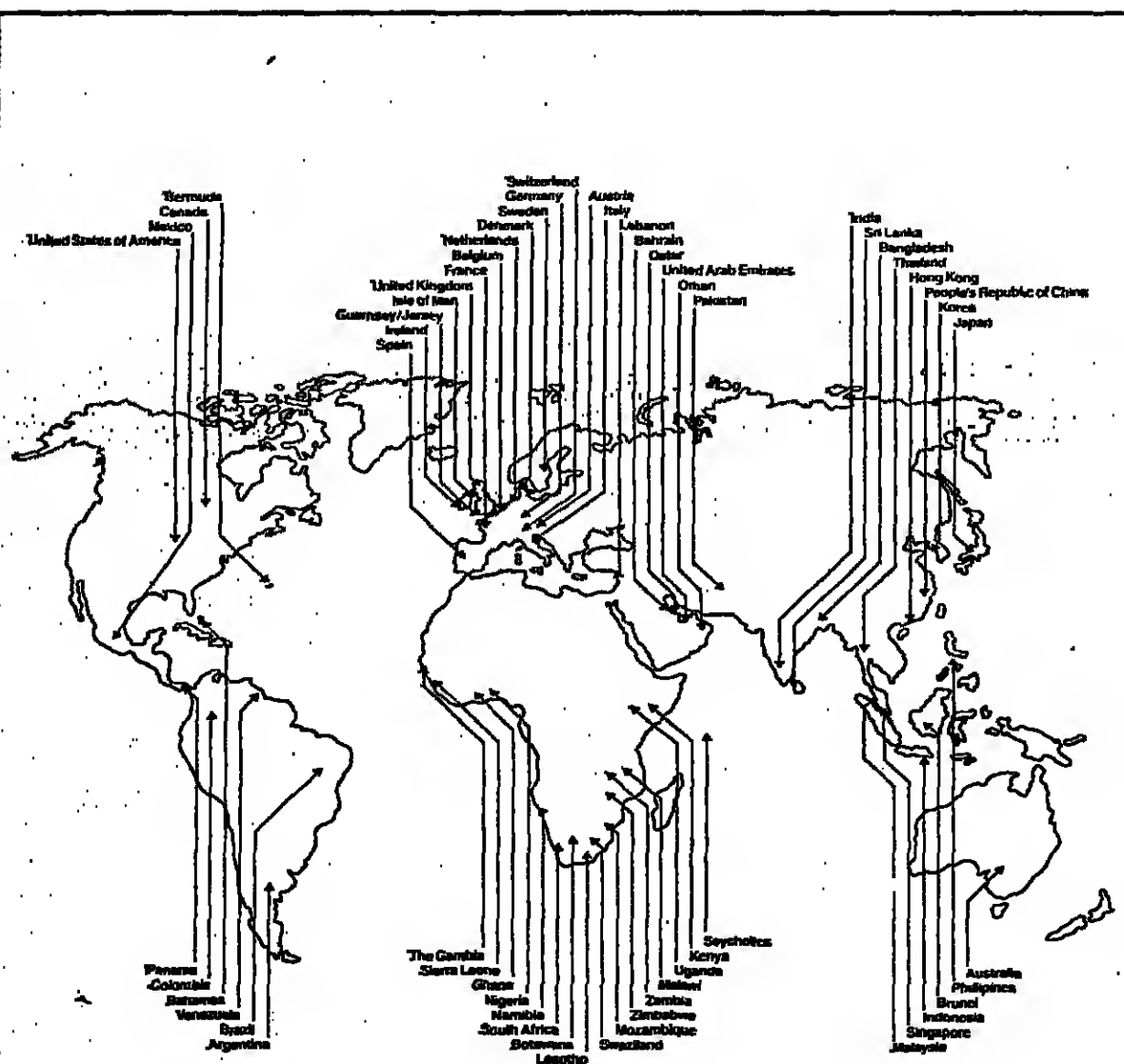


**Shareholders' Funds now
£1,141 million**

**Capital Resources now
£1,632 million**

**Total Assets now
£24,307 million**

In the early part of the year a worldwide cost reduction programme was instituted, the benefits from which will be realised in the current year, as well as instilling a generally more alert attitude to cost factors. For a bank such as ours the importance of keeping



**1,900 offices in over 60 countries
around the world.**

With such wide geographical coverage there are inevitably

changes from year to year in our representational structure. In addition to an increased presence in China, there were other significant changes referred to in my fuller Statement with the Report and Accounts.

For Standard Chartered our concern is both with the internal health of the countries in which we operate commercial banking businesses, and with the safety of our international lending. Other than trade finance, international lending has never been a dominant feature of our operations. We have, however, a well spread portfolio of sovereign type lending, the major part of which is to countries where we have an established banking presence.

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from: The Secretary, 10 Clements Lane, London EC4N 7AB

Direct banking, worldwide

C. D. Bramall

Main Dealers

Profits slightly down in extremely competitive conditions: dividend maintained.

"Your company is well placed to take advantage of a steadily increasing market and to provide a result for 1983 which can be considered satisfactory."

Tony Bramall, Chairman

Results at a glance	1982	1981
Turnover	£200's	£200's
Profit before tax	52,965	43,555
Earnings per share	1.953	2.113
Dividend per share, net	21.5p	25.1p
	6.0p	6.0p

Copies of the preliminary results and the full Report and Financial Statements can be obtained from:
The Secretary, C. D. Bramall P.L.C.
146/148 Tong Street, Bradford BD4 9PR



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Arab Asian Bank e.c.

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Negotiable Floating Rate Non-London
Dollar Certificates of Deposit Due April 1985

We hereby certify that the rate of interest payable on the Certificates for the interest period beginning on the 15th day of April, 1983, is 9 1/2 per cent per annum and the Interest Payment Date relating thereto is the 17th day of October, 1983.

European Banking Company Limited
(Agent Bank)

15th April, 1983

MINING NEWS

Costs hit gold profits

By Kenneth Marston, Mining Editor

HIGHER costs have eroded the benefits of an increase in the gold price received by the South African gold mines in the March quarter. Electric power charges have been lifted by 16 to 18 per cent and there have been increases in the cost of timber and explosives.

The average gold price received in the quarter rose by 8.3 per cent to \$471 per oz but because of the improvement in the value of the rand against the dollar the income in terms of rands was just under 4 per cent up at R16,378 per kg.

Gold production at Blyvoor was lower in the past quarter because of the need to reduce the rate of extraction from the No. 1 shaft pillar. This temporary decline in grade will continue to affect the mine's gold production over the next two quarters.

Even so, the higher gold price left the mine with an increased working profit and there was

also a stable increase in by-product uranium deliveries during the period.

Harmony has also done well with uranium sales; such increases these days, however, reflect the phasing of deliveries rather than any new business. On the other hand the mine has suffered a sharp increase in costs and the tax charge has been increased by a fall in offsetting capital expenditure.

Lower tonnage milled coupled with a reduced ore grade and higher costs has resulted in the veteran Durban Deep failing to match the December quarter's high earnings level. But the latest result is still well above those of earlier periods when the mine was receiving Government aid.

In the case of East Rand Proprietary the benefits of increased gold production have been offset by a sharp rise in working costs. A claim for State aid is to be submitted but this is not

included in the latest figures because it is not yet known what capital expenditure will be allowed for the purposes of assistance.

Latest quarterly net profits of the group mines are compared in the following table.

	Mar	Dec	Sept
£m	£m	£m	£m
Blyvoorvlei	23.00	22.00	18.50
Durban Deep	5.64	16.78	4.71
East Rand Pty.	3.74	7.23	2.10
Harmony	31.89	30.73	22.80
15 days assistance overclaimed.			
*After receipt of State assistance.			

Exceptionally, the old South Roodepoort Main Reef Area, managed by Golden Dams, has managed to make gains in the March quarter. A sharp increase in gold production has accompanied a rise in grade—which fluctuates at this mine owing to the limited availability of stopping areas—and net profits for the quarter have jumped to R1,06m (£821,000) from R228,000 in the previous three months.

Lornex profit in first quarter

AN UNEXPECTEDLY sharp switch from losses to profit in the first quarter of this year is reported by the Rio Tinto-Zinc group's Canadian Lornex molybdenum and copper operation in British Columbia.

A modest net profit of C\$93,000 (£48,000) for the past three months follows a net loss of C\$4.6m in the final quarter of 1982 when the loss for the full year came out at C\$11.1m.

Lornex says that the turnaround reflects better prices for copper and silver plus lower operating costs. The benefits of this were partly offset by reduced copper production and lower prices for molybdenum.

No dividend is being declared in view of the relatively low level of earnings and the big investment being made in the Bullmoose metallurgical coal project in British Columbia which is still expected to be completed on time and within schedule.

British Columbia's New Democratic Party is now wooing the

mining industry, reports John Segalich from Toronto. In a newly issued Paper It rules out a return to the royalty-based tax system which, by taxing the value of mine production without regard to working costs, caused havoc in the industry when the NDP was in power in 1972-75.

In the run-up to the provincial election on May 5, the NDP says: "If investment is to be sustained stability of Government policy is essential. Therefore any changes in mineral legislation or in the

mineral taxation system will be made with extensive consultation with the industry and such changes will not be retroactive."

"Reassuring" is the comment from Mr. Tex Enemark, president of the Mining Association of British Columbia. He adds, however, that this sense of reassurance is tempered by memories of the mining industry's traumatic experience with the previous NDP administration.

Hamersley sees ore price fall

WHILE acknowledging that a slow economic recovery is starting, Mr. Tom Barlow, chairman of the Rio Tinto-Zinc group's big Hamersley Holdings iron ore producer in Western Australia, points out that so far the improvement in the U.S. steel industry is confined to re-stocking rather than a fundamental change in the depressed demand.

He expects that Hamersley's ore shipments this year will be

about the same as in 1982.

Last year earnings were more than tripled to A\$54.7m (£30.7m).

This year, however, Hamersley is facing a reduction in Japanese iron ore contract prices as a result of poor market conditions. So far, negotiations have produced no agreement on prices for Hamersley's ore shipments scheduled for the year which started at the beginning of this month.

BIDS AND DEALS

Charter Cons. sells RTZ stake for £51m

By Kenneth Marston, Mining Editor

LONDON'S Charter Consolidated industrial and mining group has disposed of its entire 4 per cent holding in Rio Tinto-Zinc for £51m in the market yesterday. Charter sold 9.1m shares in RTZ at about 560p for £51m. This followed a sale of 1.1m RTZ shares made earlier this year.

Charter says that the net proceeds of the sales after provision for taxation will be not less than £38.6m. They will be used to reduce borrowings and finance new investment by companies of the Charter group.

The latest sale has come at a time when RTZ shares have been riding high following the sharp recovery in 1982, second half earnings which exceeded all expectations.

Prior to yesterday's sale RTZ shares were standing at a high of 614p; they subsequently dropped to 580p and closed 16p lower on the day at 569p. Charter closed 10p up at 265p.

Charter's dividend income in the year to March 31 from RTZ was a gross £2.33m. Against this, the group will now be able to further its policy of investing directly into mining and industry, as underlined by the recent bid for Anderson Strathclyde.

Back in early 1976, when Charter rated as a major holder of shares in other leading mining finance companies, it sold 10m shares of RTZ for £18.3m by a placing on the London market.

In 1980 Charter parted with its holding in Selection Trust as a result of the British Petroleum bid. Mining finance interests, though still substantial, are now largely in companies in the Anglo American Corporation group, notably Minerals and Resources Corporation.

In the first half of the current year to March 31 last Charter made net attributable profits of 16m, equal to 15.2p per share, compared with an adjusted £21m for the same period.

At that time, results for the second half of 1982-83 were expected to be only a little behind those of the same period of the previous year.

Tilling chief begins sniping at BTR bid

Sir Patrick Meaney, chief executive of Thomas Tilling, yesterday used the occasion of the publication of the group's 1982 further its accusations to begin sniping at the "blatantly opportunistic" £607m bid from BTR.

Tilling will be adopting the usual course for a contest of this nature and the industrial holding company will not publish a formal defence until it has dissected BTR's offer document which will be despatched today.

Although Sir Patrick was not able to comment on reports that the group's substantial U.S. interests are being groomed for a sale, he said, "We are not relying on future earnings to justify Thomas Tilling rather as it is, a perfectly logical and proper vehicle for growth in the 1980s."

At that time, results for the second half of 1982-83 were expected to be only a little behind those of the same period of the previous year.

CHUBB & SON SELLS FINE STAMPS

Chubb and Son has completed the sale of its subsidiary Fine Stamps of Luton. This company, which became part of the group in 1977 when Chubb acquired Gross Cash Registers, manufactures fine-blanked components used in a number of Chubb products.

The sale, for a total consideration of £262,000, to executive directors Brian Morgan and Michael Rolley, follows Chubb's sale last summer of Safe Computers (another management buy-out but with outside interests also taking a stake).

The latest disposal confirms Chubb's policy of divesting itself of activities not directly connected with its mainstream security business.

New Kuwaiti cash offer for Atlanta

By David Dodwell

Morgan Credit, a Kuwaiti-backed consortium set up to mount a bid for Atlanta, Baltimore and Chicago Regional Restaurant Trust, yesterday outlined a new cash offer valuing Atlanta at \$4.15m.

Atlanta, a linked investment trust called West Coast and Texas Investment Trust, were the target in January this year of a planned take-over and utilisation by Arbuthnot Securities. This collapsed last week when Atlanta shareholders rejected the Arbuthnot approach.

The 135p bid, understood to represent 97 per cent of Atlanta's net asset value, triggered a flurry of buying and selling in Atlanta shares.

A spokesman for Morgan Credit said yesterday that the consortium had captured a 26.33 per cent stake. Further offers to sell, which would have lifted Morgan's stake in Atlanta to almost 47 per cent, had been received, he said. These could not be taken up without contravening takeover rules limiting purchases to 29.99 per cent.

The two trusts are currently managed by William A. Glyn's Bank. Morgan Credit holds 20 per cent stake in both. Arbuthnot built up stakes of

around 13 per cent in each company in the course of the takeover attempt. Morgan Credit is understood to have bought stakes from English Association Trust and Confederated Life, English Association Trust, simultaneously announced that on selling its 13.33 per cent stake in Atlanta, it had bought a 12.16 per cent stake in the sister company—Arbuthnot Leasing. This took its total holding in West Coast Texas to 26.5 per cent.

Morgan Credit has been put together by Mr. Tony Cole, managing director of Morgan's Stoneham Investment Management, the investment arm of a firm of London-based chartered accountants. It comprises Mr. Bader Rod G. Yassir, Al Sabah, and Exchange Finance House of Kuwait.

If the consortium is successful in taking control of the company, it plans to retain just 20 per cent of the company's shares, selling the remainder back into the market.

Its intention is understood to be to convert the trust into a short-dated two tier trust, and develop the company into related financial services. Company articles might have to be altered though its status as an investment trust would not be changed, the spokesman said.

Lonrho produces its circulars for demerger

THE WAR of words between Lonrho and House of Fraser continued yesterday as Lonrho, Fraser's largest shareholder, produced its own circulars on why Harrods should be separated from the stores group.

Mr. Roland "Tiny" Rowland, Lonrho's chief executive, and Lord Duncan-Sandys, chairman of Lonrho, in their capacity as directors of House of Fraser have told Fraser shareholders that separating Harrods is the way to get House of Fraser together.

The advantages to Fraser shareholders if Harrods is separated, say the two men in a circular is that:

● Shareholders get a direct stake in Harrods and retain their shares in the other 102 stores. This gives increased investment flexibility.

● The right to Harrods' dividends.

● An increase in share prices is predicted.

● Reduced risk of a massive £160m capital expenditure programme showing poor returns.

● Shareholders would reap the full potential of Harrods—their star performer—which produces over half the profit.

● Shareholders would secure a realistic future for the rest of the group which would remain the largest department store group in the UK.

● The demerger could be carried out tax free.

Professor Roland Smith, Fraser's chairman, said the latest circulars from Mr. Rowland were "blatantly superficial".

They were, he said, "intended to confuse shareholders" and were "full of selected quotes which are both misleading and confusing."

He also said that he and his colleagues deplored the unauthorised use of the letter heading of Fraser for the Lonrho circulars.

Lonrho countered last night "this circular is from two directors of House of Fraser. It would be unusual if they did not write on House of Fraser letter head. Naturally we had this cleared at the highest level in the Stock Exchange and they said it was perfectly all right provided that it said it was from Duncan-Sandys and Rowland and made it clear that this was a minority view."

ALFA FURNITURE, based in Northumberland, has been refinanced as an independent business, with the co-operation of several organisations in the region, and in particular with the support of Blyth Valley Council.

Alfa was previously part of a large UK corporation which divested itself of the furniture business. It produces veneered bedroom furniture.

A large part of the finance has been provided by Blyth Valley, which has agreed to buy the premises occupied by Alfa. The factory has now been leased back

to the company. Additional finance has been provided by Lloyds Bank.

JAGO WEBB

Langbourn Holdings, the parent company of Trillium, Langbourn Holdings and Lyon, have announced that Jago Webb has acquired a substantial interest in Lyon Lohr's subsidiary Lyon De Falbe (UK), Lloyds' brokers.

Mr. David G. Jago has been appointed chairman. Mr. Alan Trillium has been appointed deputy chairman and Mr. J. V. P. O'Connor and Mr. B. R. Webb have been appointed joint managing directors.

BELLAR WARNING ON SHARE PRICE

Fenton H.M. Group reports that talks, which may lead to the sale of its controlling interest in Bellair Cosmetics are continuing.

However, the directors of Fenton and Bellair say they are disturbed by the very large rises in the Bellair share price and believe the price level being discussed is considerably below the current share price of Bellair.

CONSORTIUM BIDS FOR RTD GROUP

A consortium has purchased 20.5 per cent of the votes exercisable in RTD Group, a Eire registered company with all its manufacturing and trading activities in England, and the same terms are being offered to other holders.

The consortium includes Mr. Victor Burley and Mr. Anthony Parmiter, managing director and finance director respectively of RTD Swan, the principal operating company.

The consortium has bought from Mr. James Dyer, the chief executive of RTD, 100,000 ordinary shares at 16p each and 2m preference shares at 4p each.

Other members of the consortium are certain individual investment clients of East Anglian Securities Trust, and two investment trusts specialising in quoted recovery situations.

It is intended to maintain the RTD listing. Proposals will be put to all shareholders for the conversion of the preference shares into ordinary.

It is hoped that Mr. Burley and Mr. Parmiter will join the board as joint managing directors, whereupon Mr. Dyer will resign. They believe in the future of the company under their direction as an independent operation. While they are not in a position to make forecasts, they are hopeful of a return to profitability in the current year to February 1984.

LADBROKE INDEX based on FT Index 691.696 (mid.) Tel: 01-493 5261

Associated British Ports Holdings PLC

A year of progress by Britain's largest ports business

1982 RESULTS

The first set of results from Associated British Ports shows that Britain's largest ports business made a pre-tax profit of £5.5 million in 1982, in line with the estimate of £5.4 million in the recent Offer for Sale. Total volume of business increased by 1½ million tonnes to 77 million tonnes, mainly as a result of higher exports.

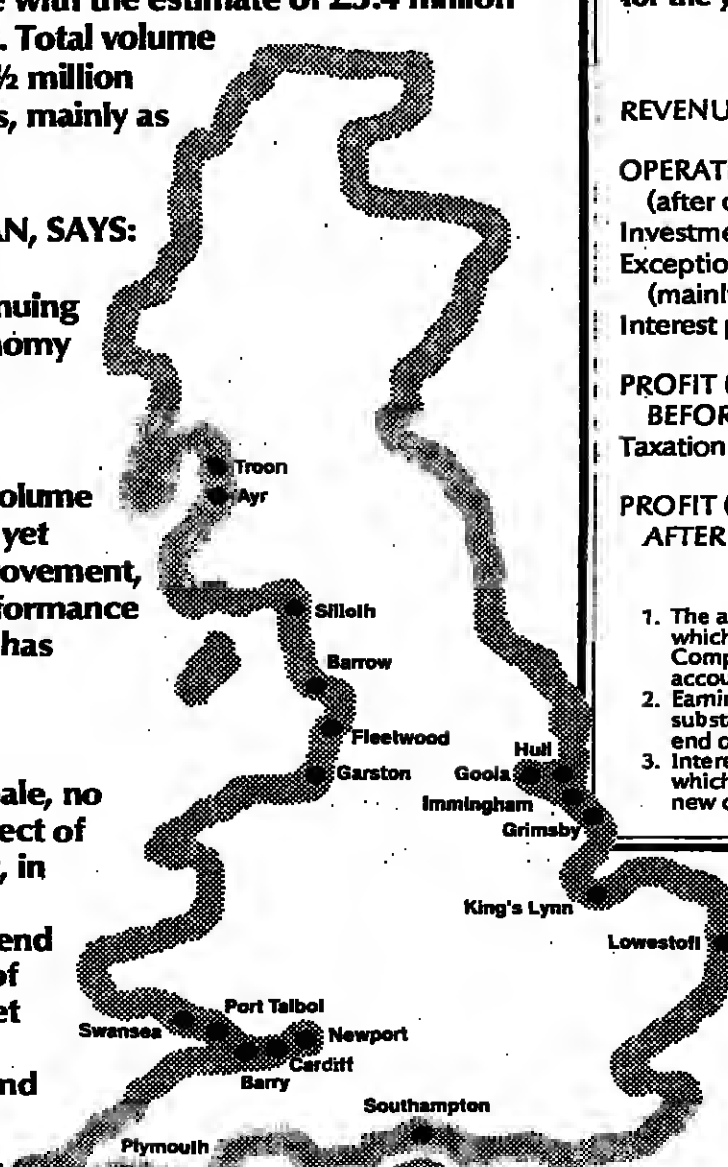
KEITH STUART, CHAIRMAN, SAYS:

"Our strong recovery was achieved despite the continuing deep recession in the economy and unfavourable trading conditions."

"The general level of UK economic activity and the volume of overseas trade have not yet shown any significant improvement, but our overall trading performance in the first quarter of 1983 has been satisfactory."

DIVIDENDS

As stated in the Offer for Sale, no dividend is payable in respect of 1982. The directors expect, in the absence of unforeseen circumstances, to recommend total dividends in respect of 1983 of not less than 7p net per Ordinary Share, including an interim dividend in November 1983 and a final dividend in May 1984.



Preliminary Announcement of Results of Associated British Ports for the year to December 1982

	1982	1981
£m	£m	£m
REVENUE	151.6	128.2
OPERATING PROFIT (after depreciation)	15.1	2.3
Investment income	1.1	1.5
Exceptional items (mainly voluntary severance)	(3.6)	(7.0)
Interest payable	(7.1)	(7.1)
PROFIT (LOSS) BEFORE TAXATION	5.5	(10.3)
Taxation	0.3	1.5
PROFIT (LOSS) AFTER TAXATION	5.8	(8.8)

- The above is an abridged version of the full accounts which have not yet been filed with the Registrar of Companies. The report of the auditors on those accounts is unqualified.
- Earnings per share are not stated in view of the substantial changes which have occurred since the year end of ABP.
- Interest payable relates mainly to Government loans which were extinguished with the establishment of the new capital structure on privatisation.

Associated British Ports

The 1982 Annual Report and Accounts will be despatched to Shareholders on 3rd May, 1983. Associated British Ports Holdings PLC, Melbury House, Melbury Terrace, London NW1 6JY.

The Partners of Lombard, Odier & Cie have the pleasure to announce that

Robert H. C. van Maasdijk

previously Managing Director of Ivory & Sime Ltd has joined as of March 31st, 1983 as a Director of

Lombard Odier International Portfolio Management Limited in London, and as a delegate of the Board of Management of Lombard, Odier & Cie in Geneva



Portland House
72-73 Basinghall Street
London EC2V 5PB

US pres of 12% market second in the 9% wa again of our condi

UK COMPANY NEWS

Walter Lawrence 22% up at £2.24m

SECOND half taxable profits of £1.52m, compared with £1.18m, have lifted Walter Lawrence, construction, property development, manufacturing and engineering concern, to £2.24m for the year ended December 31 1982, against a previous £1.94m, a 22 per cent advance.

Mr John Redgrave, chairman, says that the group's construction and housing developments were again the main contributors to profits. This was offset, he explains, despite losses in the specialised pipework and property development activities, both of which have since been closed.

Turnover for the 12 months ended 31 December 1982 was £68.32m and the dividend is boosted to 9.3p (8.25p) net with a final distribution of 6.55p (5.75p). Earnings per 25p share are shown as 40.5p against 33.5p.

Mr Redgrave says there was a significant improvement in the group's manufacturing activities which returned an overall profit of £1.52m for the year.

He adds that the considerable losses formerly incurred at Walter Lawrence Tools were substantially reduced, and directors decided to close the unproductive DIY retail outlets.

There is a healthy order book on the construction side and the group's housing land bank has been increased to facilitate the expanding housing programme.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's results.

Finals
Black (A. and C.) Apr. 20
Cine Discount Apr. 26
Cine Group Apr. 28
De Vries Hotels Apr. 27
Futura Holdings Apr. 23
Hymen (I. and J.) Apr. 25
Lunve (Cayman) Apr. 21
Minor Holdings Apr. 20
Newmarket Co. (1981) Apr. 22
Peterson Apr. 26
Pentland Industries Apr. 28
Savo and Prosper Linked Inv. Trust Apr. 21
Stewart Enterprises Investment Trust Apr. 21
Supra Apr. 21
Triplast Apr. 20
Tysons Contractors Apr. 25
Viking Resources Apr. 25
Ward White Apr. 3

Interim
Stimcorp (S.) Apr. 28

Liquidity has been improved by the reduction of hard core borrowings, and housing development finance has risen reflecting the group's increased investment in housing, the chairman points out.

Previous figures for 1982 were after £110,000 (£90,000) for the employees profit sharing scheme.

Tax charge (ACT) amounted to £204,000 (£178,000) and after extraordinary credits of £451,000 (£441,000) the available balance came through ahead from £1.22m to £1.55m.

The extraordinary items for the period represented the cost

of closure of the commercial property development and civil engineering activities, together with certain retail shops and the cost of redundancies in Walter Lawrence Manufacturing.

After dividends' cost £478,000 (£414,000), the amount retained was £1.08m, compared with £805,000.

As at December 31 last, shareholders' funds had risen to £11.7m, equivalent to 233p per share.

comment
Walter Lawrence's construction arm again provided most of the

muscle behind results which sent the shares up 22p to a record 274p. Although the current construction order book is up in volume terms on 1982, margins are likely to tighten as contracts are replaced, particularly in the increasingly competitive first time buyers' market. The company is, therefore, shifting its emphasis from this area to the middle range, for it has no taste for chasing market share by cutting prices. It has closed the commercial property development division due to a continuing inability to let its two office and industrial developments in the City and Greenwich.

The brightest spot in the figures is a small profit for the first time in three years by the manufacturing side—which lost £388,000 in 1981—on the back of improved production methods and a reduced workforce. A decline in capital spending by the gas and water boards provoked the closure of the pipework section.

With hardware borrowings down £250,000, reducing the total to around 83 per cent of shareholders' funds, the group is in an acquisitive mood—for perhaps a heating and ventilation or electrical engineering company to complement its house-building activities. Pre-tax profits of at least £2.5m look possible in the current year, giving a prospective p/e of more than 11.

Twinlock tops £1m and pays 0.5p final

The improvement recorded in first-half profits of Twinlock has been maintained with pre-tax figures of this office products and furniture manufacturer rising sharply to £1.07m for the 12 months to February 27 1983, compared with £563,000 previously. Half-time profits were up from £103,000 to £326,000.

A final dividend of 0.5p has been recommended (not less than 0.4p had been forecast), making a total for the year of 0.9p net per 10p share—the first year since 1979 in which dividends have been paid. Earnings per share climbed from 1.53p to 3.43p.

Mr John Murray, the chairman of the company—whose shares are traded on the Unlisted Securities Market—says its UK businesses recovered strongly and did well throughout the year. The overseas companies, however, suffered reduced profits due to a fall in activity during the latter part of the year.

Full year sales improved from £29.1m to £31.65m, while after-tax profits came out at £765,000, against £572,000. Extraordinary debits decreased from £395,000 to £32,000 and the dividend absorbs £192,000. Retained surplus was £490,000 (£268,000 deficit).

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	1982 £'000	1981 £'000
Turnover	46,316	46,201
Profit before Taxation	1,597	1,330
Dividend per Ordinary Share	6.40p	5.75p
Net Tangible Assets per Share	£1.88p	£1.61p

The Annual General Meeting will be held on 28th April, 1983, at 15, Trench Road, Maltusk, Newtownabbey, Co. Antrim BT36 8TY.

Copies of the Annual Report & Accounts are available from the Secretary from the above address.

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C. D. Bramall profits slip to £1.95m

REDUCED margins and start-up costs of a new dealership at C. D. Bramall contributed to a decrease of 7.5 per cent to pre-tax profits from £2.11m to £1.95m for 1982. Turnover of this motor car dealer moved ahead from £43.58m to £52.97m.

The net final dividend of this close company has been held at 3.95p which repeats the total at 8p. Earnings per 25p share were shown as slipping from 25.1p to 21.5p.

The new Vauxhall Bedford dealership in Sheffield has not made any worthwhile contribution to profits so far, says Mr D. C. A. Bramall, chairman. He is optimistic, however, that it will be trading satisfactorily shortly. The dealership opened in June with ensuing monthly losses until the end of the year.

Mr Bramall is also confident that the company as a whole is well placed to take advantage of a steadily increasing market and to provide a result for 1983 which can be considered "satisfactory".

There are signs of the passenger car market being higher than 1982, but it is still sales level of 1.6m cars is forecast by the company's manufacturers.

The commercial vehicle market is also estimated to be slightly higher than 1982, but it is still very competitive with most manufacturers introducing new models. However, Mr Bramall says the new year has started well with profits well up on the first quarter of 1982.

A breakdown of turnover and taxable profits by activity shows: main dealerships £48.83m (£39.26m) and £1.3m (£1.55m); contract high/leasing/hire purchase £8.14m (£4.29m) and £654,000 (£584,000).

Tax for the year came to £517,000 (£758,000) and after dividends absorbed £258,000 (£253,000) the retained balance dropped from £1.07m to £877,000.

During the year under review Mr Bramall says that the motor dealerships found making satis-

factory profits from new vehicles sales was difficult because the new vehicle market became extremely competitive making net profit margins generally unacceptable. Since August 1982 the relaxation of hire purchase controls resulted in a far more buoyant retail market and the company experienced better profits from used vehicle operations.

Parts and service business again provided the foundation of the business and all dealerships performed satisfactorily. Profit from parts business was lower mainly due to extra profit being earned through reaching manufacturer's targets in 1981.

Most of the Ford dealerships did not make the same profits for the same reasons.

Contract hire, leasing and hire

purchase companies all performed better and accounted for about one-third of group profits. Mr Bramall expresses caution when considering the future course of the contract hire business. He says it is essential that the company continues to be selective in the acquisition of new business thereby ensuring that future profits are not dependent on inflation. Current steady growth in the number of companies turning to contract hire as a method of acquiring vehicles augurs well.

Tractor and agricultural businesses had their best year ever, mainly because of the Ford construction equipment franchise acquired during the year and which is making an increasing contribution. Mr Bramall anticipates another good year.

RESULTS AND ACCOUNTS IN BRIEF

NEW CAVENISH ESTATES (property investment)—For six months to December 31 1982: interim dividend nil (nil); turnover £200,040 (£321,580); pre-tax losses £33,353, profits £7,740; net nil (nil); extraordinary credit £208,236 (nil) for net surplus on sale of investment properties; stated losses pre-tax 2.25p (earnings 0.22p savings adjusted).

RAILWAY PROPERTY TRUST—For half year ended September 30 1982: gross income £304,878 (£295,522); profit £105,643 (£121,743) before tax £5,000 (£0.44p). No interim dividend but directors intend to pay a final dividend of 1.5p on April 5 1983. Half year in line with directors' expectations. Project management income and profit from development satisfactory, and outlook for

full year remains good. Net assets have grown from £287,000 in 1980 to £2.35m.

WALTER DUNCAN AND GOODRICK (investment holding company)—For 1982: Dividend 12p (same) per £1 share; pre-tax profit £48,513 (£575,434); net profit available £48,467 (£564,521); stated earnings per share 28.27p (£1.60p).

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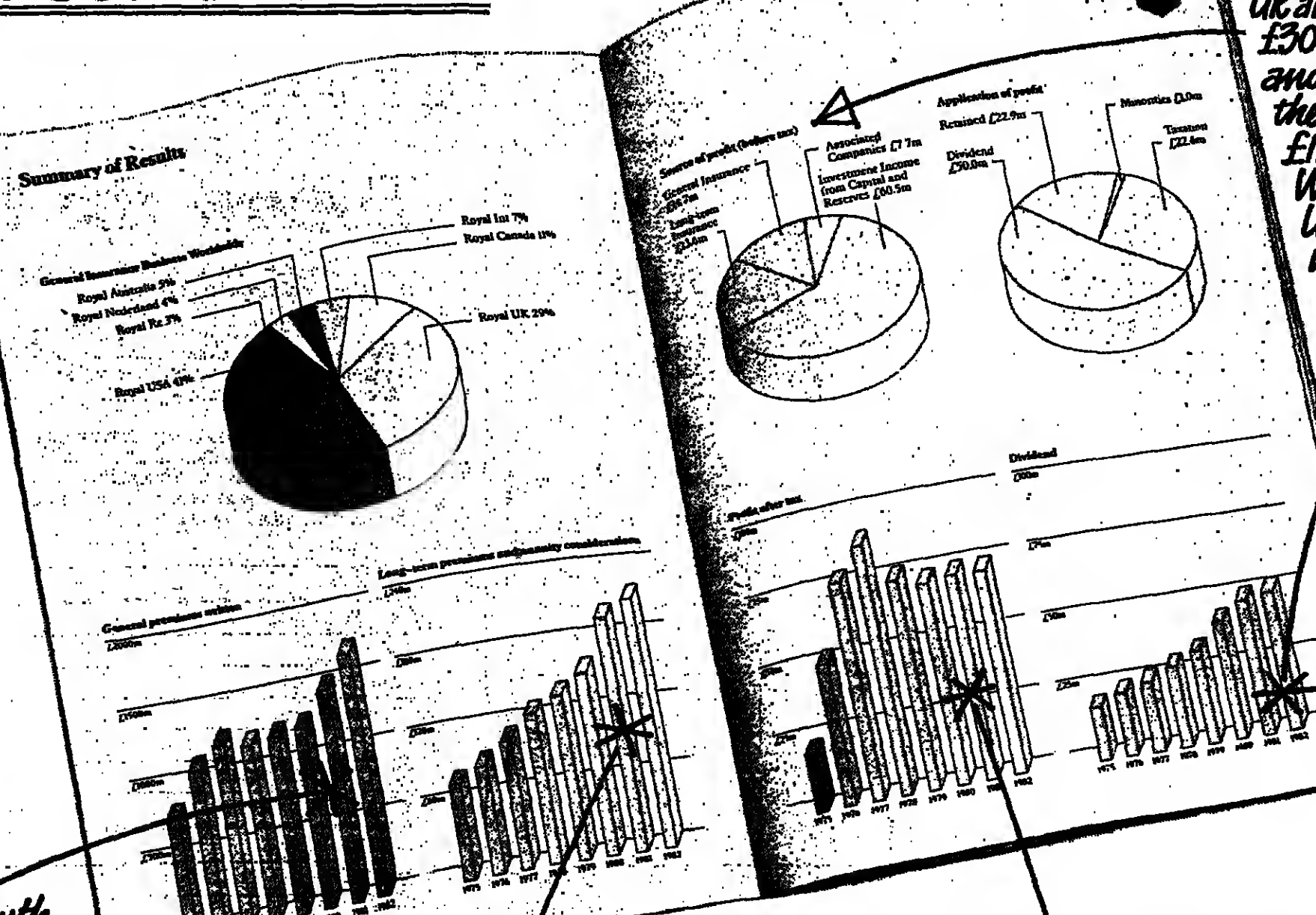
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Over-the-Counter Market

1982-83	Company	Price	Change	Gross Yield	P/E	Fully
142	Ass. Brit. Ind. Ord.	135	—	8.4	4.7	7.8
158	117 Ass. Brit. Ind. CULS	151	—	10.0	8.6	—
74	67 Armstrong Group	63	—	6.1	8.7	18.0
48	30 Armings & Rhodes	30	—	4.3	14.3	3.3
318	157 Borden Hill	316	—	11.4	3.8	13.2
142	100 C. L. T. Carv. Fr.	142	—	15.7	11.1	—
270	210 Cindica Group	210	—	17.8	8.4	—
86	53 Deborah Services	82	—	6.0	11.5	3.4
87	77 Frank Marshall	87	—	8.7	9.1	10.8
95	75 Frank Marshall Fr Ord	95	—	7.1	11.5	9.9
100	34 George Blair	94	—	5.0	12.3	—
100	74 Ind. Precision Castings	101	—	7.3	9.2	10.1
181	109 Jale Corp. Prof.	161	—	16.7	9.8	—
143	34 Jackson Group	143	—	7.5	5.2	4.4
207	111 James Burrough	207	—	9.6	4.6	15.1
280	148 Robert Jevling	154	—	20.0	12.0	1.6
83	54 Sermons 'A'	71	—	5.7	8.0	9.2
187	112 Todday & Carfax	114	—	11.4	10.0	5.1
28	21 Unilock Holdings	25	—	0.6	1.8	—
85	84 Walter Alexander	67	—	8.4	9.8	4.8
270	214 W. S. Yates	264	—	17.1	6.5	4.1

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ROYAL INSURANCE-1982



Severe weather, particularly in the UK and also in the US, cost some £50m. more overall than in 1981 and was largely responsible for the fall in pre-tax profit from £117.5m. to £96.5m. Worse results in the US and UK were partially offset by improvements in Canada and Australia as a result of remedial action.

Dividend increase of 5% is in line with our declared objective of maintaining a progressive dividend policy whilst at the same time ensuring that over a period sufficient earnings are retained to support the growth of business.

US premium growth of 12% improved our market share for the second successive year. In the UK, growth of 9% was satisfactory against the background of current economic conditions.

Important developments for Royal Life in the UK in 1982—our entry into unit linked business and the establishment of a direct sales force—will serve us well in the years to come.

Profit after tax was slightly higher at £72.9m.

Royal Insurance

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	Readership %
FINANCIAL TIMES	42
E.A.Z.	24
HANDELSBLATT	21
LE MONDE	11
L.H.T.	9
NEUE ZÜRCHER ZEITUNG	8
WALL STREET JOURNAL	6
BUSINESS WEEK	24
ECONOMIST	22
TIME	13
NEWSWEEK	11
INSTITUTIONAL INVESTOR (INTED)	21
EUROMONEY	17

For more information about this research, or the position of the FT in the European market place, please contact your local Financial Times representative or the Market Research Department of the Financial Times.

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Tin prices dip sharply
as buffer support
withdrawn, Page 33

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday April 19 1983

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WALL STREET

Results are adjudged reassuring

THE week opened in a less dramatic mood on Wall Street, but both share and credit markets appeared happy yesterday to trade around the peak levels reached at the end of last week. The debt market remained confident that interest rates will fall at the longer end of the market as inflation continues to come to heel, writes Terry Byland in New York.

Share markets were more cautious and began to run into some profit-takers at mid session, despite a further batch of encouraging trading statements from major companies.

But by 3pm, the Dow Jones industrial average had recovered for a gain of 7.16 at 1178.50.

In the computer sector, regarded as the chief impetus behind the upturn in U.S. business, NCR surged ahead by \$24 to \$114 in response to higher earnings for the first quarter and a bullish statement from the chairman. IBM added a further \$4 to \$110 while Burroughs, traded a shade off at \$44.

Other major corporations to report progress included B.F. Goodrich, the

tyre manufacturer, 5% off at \$37, with an encouraging report from the chairman failing to offset a markdown prompted by its loss in the first quarter.

Monsanto, the chemicals giant, remained unchanged at \$91 with the news of lower profits no surprise to the market. Upjohn, the ethical drug group, slipped by 5% to \$53 despite the recovery trend.

Higher earnings at GTE, the largest independent manufacturer of telephone equipment and systems, put the shares up 5% at \$43, but Champion International, at \$25 and Sundstrand at \$48 were both a shade easier after their respective results.

Of the banking majors, Chase Manhattan disappointed with lower profits against the trend, and its shares fell by 5% to \$57. Security Pacific held unchanged at \$54 after disclosing increased earnings.

Motor shares gave up part of last week's gains following reports that although earnings would show a sharp rise in the first quarter, sales were not achieving the upturn so badly needed by Detroit.

Ford held steady at \$43, but General Motors shed 5% to \$63 and Chrysler turned down by 5% point to \$20.

American Cyanamid lost 5% to \$41 on its lower profits, while United Technologies put on 5% to \$72 after announcing higher earnings.

Credit market yields resumed their fall in anticipation of an easing of Federal Reserve handling of credit supply and a fall in the Federal Funds rate to 8 1/2 per cent, matching the discount rate, Treas-

ury bond yields gave up about five basis points with the three-month bills at a discount rate of 8.08 per cent and the six-month bills at 8.20 per cent.

The benchmark long bond slipped to 89 1/4 from Friday's late quotation of 100 1/4.

Underpinned by a strong gold price, Toronto stocks made good headway. Half-point prime rate cuts to 11 per cent were an added incentive to buyers, but in Montreal the banking sector itself was weak, as were utilities. Industrials showed muted gains.

EUROPE

Vigour of the dollar a dampener

A VIGOROUS dollar, rising to a 10-week high against the D-Mark and an all-time peak against the French franc, had its usual subduing effect on the bourses yesterday. Although stocks favoured by buying support were often of the tried and trusted variety, by no means all blue chips were maintained at last week's high levels.

This selectivity was much in evidence in Frankfurt, despite a 9 1/4 rise in the Commerzbank index of 60 leaders to a 22-year high of 931.4 and a 2.68 gain in its 100-share FAZ counterpart to an unsurpassed 310.73. Both are calculated at mid-session, and some selling developed in the afternoon.

But Siemens overcame resistance at DM 340 to close DM 4.50 higher at DM 342.50, and other electricals followed.

In cars, Daimler-Benz gained DM 7.50 to DM 334, and BMW DM 7 to DM 337, but Volkswagen slipped 80 pig to DM 175.70 after lifting domestic prices. Tyre maker Continental added DM 1 to DM 91.80 after DM 93.30.

The differentiation was also clear in chemicals, where Hoechst fell DM 1.20 to DM 147 while BASF rose DM 1.10 to DM 138.70.

Firm Dutch money market rates dampened Amsterdam, where KLM led the internationals with a FI 3.60 gain to FI 153.10, but Hoogovens shed FI 1.20 to FI 122.2.

Publisher Elsevier surged FI 16 to FI 325, but many industrials were weaker. Government bonds edged up ahead of terms today for a new eight-year issue.

A rise in French call money from 12% to 12 1/2 per cent had a similar effect in Paris, although Elf-Aquitaine jumped FF 9 to FF 134 on an upward revision of 1982 profits. Other oils were mixed. Banks and hotels moved higher but cars, stores and chemicals eased.

Electricals were the strength of Brussels, with Electrolux Bfr 110 ahead at Bfr 5,880 and Tractebel up Bfr 35 at Bfr 3,410. Utilities and holding companies were mostly strong but steels and chemicals irregular.

An active Milan session left prices lower across the board, adding to Friday's setback despite the start of a new trading month. Of the financials Generali slid L4,300 to L124,900 and Toro L350 to L12,000, but Banca Commerciale managed a L600 rise to L30,000.

Late profit-taking pared Stockholm gains, although foreign demand lifted Ericsson SKr 10 to SKr 418. Copenhagen was also prone to selling after recent buoyancy, and ISS fell Dkr 17.60 to Dkr 457.

Zurich was closed for a local holiday, and the consequent added interest in Basle took prices there actively upward. Nestle did well on its dividend increase.

AUSTRALIA

Rise continues

THE RISE in Sydney share values continued afresh after slowing slightly on Friday as the implications of the national economic accord were evaluated, weighing industrial harmony against probable dividend curbs.

Industrials did best but mining issues were also well supported, together providing an eight-point rise for the All Ordinaries index to 574.2.

Hooker Corporation jumped 18 cents to A\$1.38 on 300,000 shares as the death of Sir Keith Campbell, its chairman, suggested that it might be ripe for takeover.

Overseas interest gave Melbourne advances a four-to-one lead over declines.

SOUTH AFRICA

Gains trimmed

A BULLION price again above \$440 brought strength to Johannesburg golds, where gains ranged to R3.50 for Randfontein at R178, but afternoon profit-taking was in evidence.

In mining financials JCI ("Johnnies") added R8 to R146 ahead of quarterlies today, while industrial gains outnumbered losses by almost five to one.

LONDON

Drive stalls in front of the barrier

A PROMISING drive by London equity markets to break through the psychological 700 barrier stalled yesterday and the FT Industrial Ordinary share index ended the session 0.5 lower at 695.0. The opening strength reflected dealers' optimism about the current equity boom continuing after more encouraging views - including that of Mrs Margaret Thatcher, the Prime Minister, on world economic prospects.

The latest in industrial production figures and favourable money supply trends in the U.S. coupled with revived hopes of lower prime lending rates and reassuring remarks on the outlook for world oil prices, completed a very cheerful scenario.

Londoo investors, however, would not be rushed into committing funds. Leading shares began soon to drift back and some operators realised profits established in last week's good advance.

But the volume of selling was extremely light and markets began searching for explanations for the dearth of investment funds.

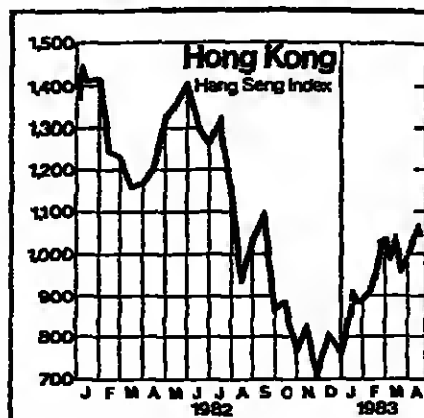
Blue chip and other top-quality equities started to rally in the wake of exceptional strength in BP, finally 18p up at 388p. Glaxo was another index highlight, rising 35p more to 850p on renewed domestic and U.S. demand, but remaining constituents showed small mixed changes with the exception of Hawker Siddeley which, awaiting tomorrow's preliminary statement, became nervous and fell 10p to 378p.

Last week's star performer in mining market, Rio Tinto-Zinc, surged to a year's best of 814p on sizeable investment support before slumping to 580p on reports, later confirmed, that Charter Consolidated had placed its 4 per cent holding in the market. It rallied to close a net 15p cheaper at 592p. Charter ended 10p firmer at 265p.

Gold Fields mirrored the performance

of RTZ and jumped to 578p before falling back to 557p and surging afresh to close a net 12p higher at 565p.

South African issues continued their recent upward trend, boosted by another strong performance by the bullion price. In South African financials, De Beers rose a further 17p to a 1983 high of 565p following strong Cape buying, while Anglo-American moved up 1 1/4 to £14 1/4. Share information service, Pages 34-5



FAR EAST

Foreigners again fuel Tokyo

FOREIGN interest in electrical, precision instrument and other blue chip issues encouraged further Tokyo progress at peak levels, but jitters over the high prices being achieved were reflected in a moderation in trading volume and scattered profit-taking among large-asset shares such as paper pulps, railways and property companies.

Indications of a recovery in the Japanese economy, an added enhancement to the rally, later gained solidity when the Bank of Tokyo revised upward its forecast of economic growth to a real 3.1 per cent in 1983-84, allowing for a boost to domestic demand resulting from falling oil prices.

The Nikkei-Dow Jones market aver-

age advanced 30.37 from Friday's close to a record 8,582.53, while the stock exchange index added 2.42 to 621.81. Turnover totalled some 380m shares against the previous 580m.

Dealers said surplus liquidity on the domestic money market was beginning to spill over, with stock investors' sentiment bolstered by a reduction in short-term yen interest rates, a possible cut in the official discount rate from its present 5 1/2 per cent, and lower home loan rates which will take effect next month.

A Daiwa Securities analyst noted gradual increases in stock investments by large corporations over the past week.

Shipbuilders rose sharply in response to steep increases in foreign orders for last month. Mitsubishi Heavy Industries picked up Y12 to Y234 and Mitsui Engineering Y6 to Y164.

Of the precision TDK gained Y140 to Y4,430, Pioneer Y80 to Y2,570, Takeda Y19 to Y829 and Canon Y20 to Y1,300.

A stronger yen bolstered government bond prices, but many investors were expected to hold to the sidelines until U.S. interest rates show a clearer trend.

Weakness in the Hong Kong dollar, by contrast, triggered a sharp downturn in stocks there, taking the Hang Seng index 26.17 lower to 1,040.97.

The local currency lost four cents in value against its U.S. counterpart, but brokers believed this had a bearing more on the timing than the severity of the downward correction in stocks. This had been expected on technical grounds after a 90-point rise over the past few weeks in low volume.

Cheung Kong caused some distress as it slipped below the HK\$10 mark to end 25 cents down at HK\$9.85. Trafalgar Housing continued to slide, off 11 cents to a closing 51 cents on its dividend omission, but Sino Land held at 45 cents despite a profits erosion.

Overseas investors were absent from the selling rush. Against the trend Atlas Industries, an electronics group which was the strongest performing stock last year, surged 57 cents to HK\$4.20.

Buying support held up selectively but adequately in Singapore, taking the Straits Times industrial index 6.66 higher to 899.27 and poised to break through the 900 barrier. But the day's active issues generally showed little change, and just a handful of strong gains gave the index its impetus.

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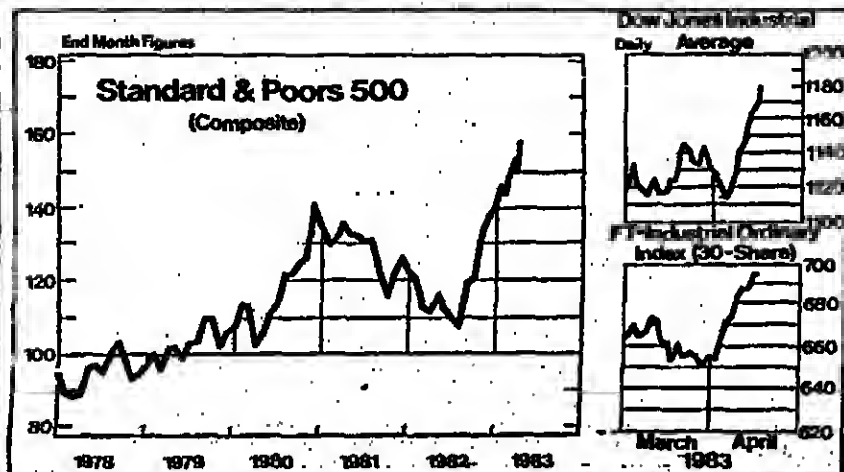
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KEY MARKET MONITORS



STOCK MARKET INDICES			
	Apr 18	Previous	Year ago
NEW YORK			
DJ Industrials	1178.50	1171.25	843.42
DJ Transport	529.54	528.24	346.57
DJ Utilities	128.38	128.06	112.27
S&P Composite	138.51	138.75	116.81
LONDON			
FT Ind Ord	695.0	695.5	538.1
FT-A All-share	441.52	435.70	317.21
FT-A 500	480.55	473.96	342.04
FT-A Ind	443.53	438.75	310.40
FT Gold mines	657.9	651.8	255.5
FT Govt sec	82.19	82.09	67.05
TOKYO			
Nikkei-Dow	8582.53	8552.16	7129.69
Tokyo SE	621.81	619.38	523.96
AUSTRALIA			
All Ord	574.2	568.2	477.3
Metals & Mins.	530.6	523.1	343.7
AUSTRIA			
Credit Aktien	54.37	54.03	52.33
BELGIUM			
Belgian SE	122.8	122.10	95.55
CANADA			
Toronto Composite	2275.5	2254.1	1613.07
Montreal Industrials	385.55	383.43	298.80
Combined	378.21	378.25	274.28
DENMARK			
Copenhagen SE	138.53	138.98	94.82
FRANCE			
CAC Gen	121.0	120.20	105.4
Ind. Tendance	126.5	126.20	119.2
WEST GERMANY			
FAZ-Aktien	310.73	307.75	234.91
Commerzbank	331.4	322.0	716.4
HONG KONG			
Hang Seng	1040.97	1057.14	1182.48
ITALY			
Banca Comin.	190.64	201.87	191.89
NETHERLANDS			
ANP-CBS Gen	129.8	129.5	90.8
ANP-CBS Ind	106.2	106.1	70.6
NORWAY			
Oslø SE	163.51	163.02	89.89
SINGAPORE			
Straits Times	899.27	892.51	743.67
SOUTH AFRICA			
Gold	924.7	904.5	454.0
Industrials	889.4	876.8	590.9
SPAIN			
Madrid SE	closed	113.73	128.67
SWEDEN			
J & P	1315.62	1307.25	561.04
SWITZERLAND			
Swiss Bank Ind	317.9	316.2	260.8
WORLD			
Capital Int'l	Apr 18	Prev	Yr ago
	172.9	171.9	132.6
GOLD (per ounce)			
	Apr 18	Prev	
London	\$441.50	\$435.50	
Frankfurt	\$443.50	n/a	
Zurich	\$442.50	n/a	
Paris (fndg)	\$443.93	\$438.43	
New York (April)	\$445.00	\$437.40	

* Indicates latest pre-close figure

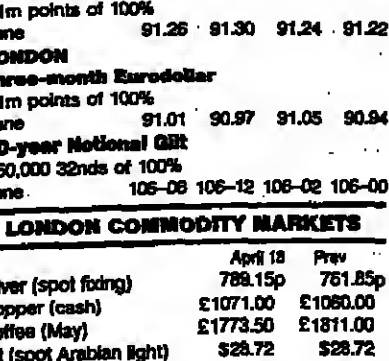
CURRENCIES			
	U.S. DOLLAR	STERLING	
	Apr 18	Previous	Apr 18
DM	2.4585	2.4385	3.8375
Yen	237.85	237.80	371.75
FFr	7.3725	7.3125	11.51
Sfr	2.0590	2.0425	3.2150
Quilder	2.7710	2.7485	4.33
Lira	1461.75	1452.375	2282.50
Bfr	48.32	48.54	78.40
CS	1.23675	1.23295	1.9305

INTEREST RATES			
	Rate	Apr 18	Prev
Three-month U.S.	10 1/2%	10 1/2%	10 1/2%
U.S. 3-month CDs	8 1/2%	8 1/2%	8 1/2%
U.S. 3-month T-bills	8.08%	8.08%	8.08%
U.S. Treasury Bonds			
3-month U.S.	9 1/2%	9 1/2%	9 1/2%
6-month U.S.	9 1/2%	9 1/2%	9 1/2%
U.S. Fed Funds	8 1/2%	8 1/2%	8 1/2%
U.S. 3-month CDs	8.75%	8.75%	8.75%
U.S. 3-month T-bills	8.08%	8.08%	8.08%

FINANCIAL FUTURES			
	U.S. Treasury Bonds (CBT)	U.S. Treasury Bonds (CBT)	U.S. Treasury Bonds (CBT)
	78-14	78-22	78-10
June	91.53	91.98	91.90
Sept	91.26	91.30	91.24
Dec	91.26	91.30	91.24

LONDON			
	Three-month Eurodollar	Three-month Eurodollar	Three-month Eurodollar
	51m points of 100%	51m points of 100%	51m points of 100%
June	91.01	90.97	91.05
Sept	91.01	90.97	91.05
Dec	91.01	90.97	91.05

LONDON COMMODITY MARKETS			
	Apr 18	Prev	
Silver (spot fixing)	788.15p	761.85p	
Copper (cash)	£1071.00	£1080.00	
Coffee (May)	£1773.50	£1811.00	
Oil (spot Arabian light)	\$28.72	\$28.72	



Prices at 3pm, April 18

Financial Times Tuesday April 19 1983

Continued on Page 3

[illegible]

Continued on Page 32

[illegible]

Salaries figures are unofficial. Yearly highs and lows reflect the previous 52 weeks; plus current week, but not the latest trading day. The % a split or stock dividend is tantamount to 25 percent increase in the number of shares outstanding. A stock dividend is shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. d-called. e-new yearly low. f-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-resident tax. h-1 dividend declared after split-up or stock dividend. i-dividend paid the year, omitted, deferred, or no action taken at latest dividend meeting. j-dividend declared or paid the year, an accumulative issue with dividends in arrears. k-five issue in the past 52 weeks. The high-low range begins with the start of trading, n-next day delivery. P=price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-dividend declared or paid in preceding 12 months. t-dividend paid in stock in preceding 12 months. u-estimated cash value on ex-dividend or ex-distribution date. v-new yearly high. w-trading halted. w-in bankruptcy or receivership or being reorganized. x-on the bankruptcy or securities suspension by such companies. wd-when distributed. wd-when issued. wd-with warrants. xw-ex-dividend or ex-rights xds-x-distribution. xw-without warrants. yw-ex-dividend and sales in full. yd-yield. z-sales in full.

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LONDON			FT-ACTUARIES SHARE INDICES									
ACTIVE STOCKS			These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries									
Above average activity was noted in the following stocks yesterday												
Stock	Closing price	Day's change										
Bellair Cosmetics	85	+11										
BP	398	+18										
Charter Consolidated	265	+10										
Clydesdale	334	+36										
Electric-Prodco	266	+2										
Glass	950	+35										
ICI	436	+23										
Laraine	398	+3										
Minet	142	+6										
Minorco	247	+80										
RTZ	592	+15										
Rugby Portland Cement	112	-5										
ACTIVE STOCKS FRIDAY'S												
Based on bargains recorded in Stock Exchange Official List.												
Stock	No. of Friday's changes close	Day's change										
Glass	30	915	+45									
Max World	20	141	+10									
RTZ	30	608	+45									
Ultramar	20	585	+5									
Laraine	30	302	+18									
ICI	17	436	+8									
Blue Circle	16	482	+17									
Velvetan	34	400	+4									
Rugby P. Cem.	18	117	+7									
Taylor W. drow	15	150	+30									
BAT Industries	13	575	+5									
Consolid. Gold	13	553	+10									
El-Protective	12	247	+5									
Stray	12	43	+5									
NEW HIGHS AND LOWS FOR 1983												
NEW HIGHS (216)												

FINANCIAL TIMES STOCK INDICES

Corrected equity share indices for last Friday April 15 are shown in today's day. We regret that technical problems led to a repeat of most of Thursday's figures in last Saturday's issue.

British Funds 45

British Corp. Bonds 45

Foreign Bonds 45

Inland 45

Financial & Props. 45

Oils 45

Plantations 45

Miners 45

Others 45

Rises 45

Falls 45

Stays 45

..... 45

..... 45

..... 45

..... 45

..... 45

..... 45

FINANCIAL TIMES STOCK INDICES

April 15

April 16

April 15

April 15

April 11

April 11

year ago

Government Secs. 82.19

Fixed Interest 84.36

Industrial Ord. 680.6

Gold Mines 657.5

Ord. Div. Yield 4.52

Earnings, Yld.& (Full) 9.18

P/E Ratio (net) (%) .. 16.26

Total bargains. 25,512

Equity turnover Em. 248.98

Equity bargains. 23,298

Shares traded (mil.) .. 145.6

82.09

84.27

688.9

651.8

4.81

9.22

13.08

25,167

917.73

21,955

144.8

82.11

84.26

687.1

640.6

4.64

9.34

12.93

26,274

233.75

21,654

145.6

82.49

84.23

687.7

635.9

4.64

9.43

12.86

24,204

254.78

23,549

177.1

82.75

84.25

683.9

618.0

4.08

9.43

12.90

26,561

811.16

91,667

147.7

57.06

67.40

588.1

565.5

5.60

11.11

11.29

16,779

77.03

9,598

69.0

10 am 698.4, 11 am 694.9, Noon 694.4, 1 pm 693.3,
2 pm 692.8, 3 pm 694.0.

Basis: 100 Govt. Secs. 18/10/28, Fixed Int. 1822, Industrial 1/7/36,
Gold Mines 12/10/36, 6E Activity 1/4/35.

Latest index 91-385 9026.
Nil = 100.

HIGHS AND LOWS

S.E. ACTIVITY

1985

Since Completion

April 15

April 16

High

Low

High

Low

Govt. Secs. 82.76

137.4

69.18

—Daily

(114)

(84)

(6115)

(6170)

Govt. Edged

Bargains.

917.1

Equities

Fixed Int. 84.25

79.03

150.4

80.55

—Daily

(134)

(17)

(201147)

(17175)

Value

608.2

5-day Avrg

Ind. Ord. 689.5

596.4

695.5

49.4

Govt. Edged

(116)

(137)

(15480)

(26408)

Bargains.

146.1

Value

Gold Mines. 657.5

551.5

656.7

45.5

Govt. Edged

(162)

(26)

(16258)

(261197)

Bargains.

145.7

Value

471.6

NEW YORK DOW JONES

April 15

April 16

April 15

April 12

April 11

1983

Since Completion

High

Low

High

Low

High

Low

High

Low

Low

Industrials

1180.24

1171.34

1185.25

1186.46

1145.32

1141.63

1177.34

1827.04

171.34

41.2

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

Transport

529.7

529.34

523.9

514.53

507.78

506.91

528.94

434.24

154.98

11.2

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

Utilities

126.2

126.58

125.15

125.42

125.48

125.0

125.94

118.48

163.32

10.0

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

Trading vol (1000's)

6668

6950

9018

10852

7990

5144

April 15

April 8

April 31

(Year Ago Approx)

4.69

4.86

4.86

6.51

STANDARD AND POORS

April 15

April 16

April 15

April 12

April 11

1983

Since Completion

High

Low

High

Low

High

Low

High

Low

Low

Industrials

178.6

177.74

177.14

175.8

174.57

173.94

177.74

154.95

177.24

3.52

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

Composite

158.48

158.76

158.11

158.77

155.82

155.14

158.75

138.34

156.75

11.62

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

April 15

April 8

April 31

(Year Ago Approx)

4.14

4.36

4.32

6.71

Ind. P/E Ratio

13.48

12.94

13.18

7.77

Long Gov Bond Yield

18.41

18.46

18.86

13.11

N.Y.S.E. ALL COMMON

April 18

April 15

April 14

April 13

1983

Since Completion

High

Low

High

Low

High

Low

High

Low

Low

51.38

51.15

50.84

50.04

51.4

75.78

36.78

1081

1915

887

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

(154)

Issues traded

<


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COMMODITIES AND AGRICULTURE

Rain torrent hits Indian wheat crop

AT LEAST 5m tonnes of wheat will be lost because of torrential and unseasonal rain in the key agricultural northern states of Punjab, Haryana and Uttar Pradesh over the past week, according to traders.

The rain came when the wheat was being harvested and large quantities were still lying in the fields. It is feared that the rain will hit the wheat crop in the key agricultural northern states of Punjab, Haryana and Uttar Pradesh over the past week, according to traders.

ONE IN EIGHT British households never serve fish at home, according to a Gallup poll conducted for the Sea-Fish Industry Authority. A quarter of under-25s and 14 per cent of over-65s said they never bought fish.

COMBINED Ivory Coast and Ghana 1982/83 main crop cocoa output could fall to 450,000 tonnes from 485,000 in 1981/82. If the recent severe drought had damaged cocoa trees badly, the Ivory Coast-based dealer establishment Roger Tournier SA said.

UGANDA tea production is expected to rise 60 per cent this year, Mr John O. Oduor, general manager of the Uganda Tea Authority said. Output last year was 2.7m kilos, up from 1.7m in 1981.

PEPINUSAL Malaysian crude palm oil output in February fell 12.2 per cent on a revised 108,117 in January and 130,610 in February last year, official figures show.

U.S. ROASTINGS of green coffee in the week ended April 9 were about 275,000 (60-kilo) bags, including that used for soluble production, compared with 320,000 in the same period last year, George Gordon Paton and Co. said.

Geest Organisation. THE GEEST Organisation points out that it is solely responsible for marketing bananas from the Windward Islands, not Fyffes as was stated in the Financial Times article headed "Payment for natural disasters" last week.

Tin prices fall sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES dropped sharply again on the London Metal Exchange yesterday. The three-months quotation for standard tin closed 2250 down on the day at 22,500, a low of 22,440 in the afternoon.

It reached an all-time peak of over 23,200. The cash price was 2240 lower at 22,535.

Sterling has recovered strongly since then, which has meant the tin market has been hit by a heavy selling by speculators—first of all taking profits and subsequently going "short".

However, Mr P. de Koning, tin stock manager, claimed yesterday that the London price had fallen far enough to compensate for the rise in sterling.

Mr de Koning told Reuters that tin stocks in Penang and Europe had fallen, although tin

holdings in the LME warehouses rose again last week by 480 tonnes to a total of 38,830 tonnes.

Copper stocks were also up again for the week, to 2,475 tonnes at 31,075 tonnes.

But copper prices were surprisingly strong, in spite of the depressing influence of the rise in sterling. The market was encouraged by the firm trend in gold and unconfirmed reports of renewed buying by the Chinese, which offset U.S. selling pressure.

The market shrugged off news that over the weekend U.S. copper industry unions approved the tentative agreement reached with producer Kennecott on the terms of new three-year labour contracts to replace the existing contracts expiring in June.

It is felt the Kennecott deal will set a precedent for other companies to follow and avoid a threatened strike.

Other metals followed the firm trend in copper and gold. Silver was particularly strong. The London bullion spot quotation rose by 27.5p to 789.15p a troy ounce at the morning fixing, and the market moved further ahead in the afternoon following news of the explosion at the U.S. embassy in Beirut.

LME silver holdings rose by 610.00 to 54,170 ounces last week. Lead stocks increased by 3,200 tonnes to record 102,100 of 184,050 and nickel by 1,200 to 14,116 tonnes.

Aluminium stocks fell by 2,900 to 264,750 and zinc by 75 to 92,135 tonnes. Nickel and aluminium prices were easier, but lead and zinc remained steady in line with copper.

The zinc market was encouraged by a forecast from Keith Spurr, Cominco vice-president of sales, of higher prices later this year. Mr Spurr told a meeting of the National Association of Recycling Industries in New York that zinc consumption would be significantly higher as the U.S. economy continues to recover.

Mr Spurr was less optimistic about lead. He said demand was unlikely to improve until a seasonal pickup

Dollar base for sugar approved

By Our Commodities Editor

A SWITCH from sterling to dollar base trading on the London sugar futures market was given the go-ahead yesterday.

An extraordinary general meeting of the United Terminal Sugar Market Association agreed to launch a dollar-based white (refined) sugar contract. Starting dates for the new markets will be decided by a committee of the association after the necessary rule changes have been made.

However, it is hoped dollar trading in raw sugar will start from the beginning of June, and that the white (refined) contract will be launched on July 1. The plan is to have two separate "rings" on the present sugar futures trading area in the Corn Exchange.

It is claimed that in recent years sugar has become a dollar commodity on the world market and therefore hedging against sterling prices often involves a big currency exposure.

New Zealand wool hits record 303c

BY DAI HAYWARD

NEW ZEALAND wool prices reached a record level of 303 cents per kilogram at the Auckland sales on Friday.

The record price followed a series of leaps since the end of January sales when the price was 235 cents a kilo.

Mr Doug McIlraith, Wool Board Chairman, said the price increase was too rapid, when it reached 274 cents at the end of March. The upward trend in prices began with New Zealand's devaluation and has continued steadily.

The price had stood at around 275 cents a kilo at the three previous sales in early April. At Invercargill, prices reached 287 cents on Thursday, then it broke the 300 cent barrier on Friday.

The previous highest sale price was 291 cents in October 1978.

NZ apple shipments set to rise

By Our Commodities Staff

SHIPMENTS of New Zealand apples to the UK this year are expected to rise to about 20,000 tonnes, up from 18,300 tonnes last year. This is in spite of the recent drought, which is estimated to have cut production by around 15 per cent.

Britain will remain New Zealand's biggest apple customer, the New Zealand Apple and Pear Marketing Board said in London yesterday, with purchases amounting to one third of its total shipments to the EEC.

Mr Neil Guymer, the board's general manager for Europe, said two new varieties had been added to the export range, Gala and Red Delicious, while Golden Delicious had been deleted. The new varieties will account for only about 5 per cent of total sales this year, but they are forecast to account for about 25 per cent by next year.

However, the board will not feed stockpiled wool onto the market in large quantities, but will continue to sell steadily.

The stockpile has fallen since last July by about 50,000 bales from its original 0.32m bales. The high prices are also good news for the New Zealand taxpayer who has been providing a maintenance scheme for farmers under the Government's policy to keep farming viable.

be totally successful. Ghana's borders were sealed last September, and are patrolled by units of the army and the newly-formed Peoples Militia—effectively activists of the revolution's Peoples Defence Committees with basic arms training, which have tackled the problem of smuggling with zeal.

Ghana's artificial frontiers run through tribal land and the movement of headlamps across them can never be stopped, but it is the movement of ivory loads that the government is worried about, and that is being halted.

Mr Atuahene is realistic about the hurdles to be jumped: "The British had developed a most beautiful system, to get cocoa from the tree right into the breakfast table in London. I am full of admiration for it, and I recognise that we haven't been able to do it so efficiently. We need a new motivation to make it work again."

Getting to grips with a cocoa crisis—Ghana takes up the fight

Crop smugglers face a crackdown as officials fight to give farmers a fair deal

THE revolutionary government of Ghana has given priority to reviving cocoa output, but it will be three or four years before the policy can bear fruit.

It is replacing the old and the carrot method. On one hand, it is coming down hard on those engaged in smuggling what officials admit to be 20 per cent of the crop to the Ivory Coast, on the other it is offering a higher price and, even more importantly, regular payments to farmers.

The success of the programme is as vital for the country as any element in the four-year economic plan announced at the end of last year by Dr Kwesi Botchway, the Finance Secretary.

The decline of cocoa production has been spectacular, having in 20 years from a world-leading output of half a million to last year's 250,000 tonnes. Smuggling to gain a harder

currency than the cedi and consumer goods unavailable in Ghana, has not been a problem, but it is not a major reason for the decline.

Farmers have converted their land to other crops, particularly maize, because of the low price cocoa commanded and the uncertainty of payment. In addition, the deterioration of the railway network, compounded by the more recent decline of road transport, has made it difficult to get the beans to the ports.

And there are chronic shortages of fuel, batteries and tyres to keep lorries going.

It took until just before the start of the current season, in November, for the 1981-82 crop. However, the biggest disaster, cocoa smuggling, has been corruption among the

Cocoa Marketing Board's purchasing clerks. These buyers, powerful figures in rural communities, developed a system whereby farmers instead of being paid cash for their crop, were given 100% of "chits".

The clerks then kept the money themselves and even, on occasions, advanced loans to farmers on the security of their own chits. In some cases, farmers had to wait two years for payment.

The Rawlings Government has evolved the Akafo system, in which farmers are paid by cheque, and more than 70 bank branches have been opened in rural areas to establish banking facilities in all Ghana's 136 cocoa-growing districts.

Mr Atuahene, the U.S.-trained economist who devised the

scheme, says it has great advantages. It brings farmers for the first time into the credit economy and releases millions of cedis into circulation. Also, since farmers are registered the CMB has an accurate picture of what is happening in the fields.

Initially, it has had one major disadvantage. The system has yet to win the confidence of all the 1.4m cocoa farmers in spite of an intensive propaganda campaign by the ruling Provisional National Defence Committee. Many CMB clerks told farmers the slips of paper they would get would be worthless, and the banks would be unable to honour them fully in cash; and of course this has happened.

Thousands of farmers have presented their cheques and demanded all the cash on the spot.

There have been runs on banks and many simply have run out of cash. There have also been considerable delays in opening thousands of new accounts and farmers have had to queue for hours and even days.

However, Mr Atuahene says it is early days. He is confident the system will help provide the incentive to plant and tend more trees.

There is a further incentive to farmers. The price paid to them is headed (30 cedi) was trebled on January 1 last year, by decision of the previous government, to 360 cedis. This has helped the farmers, but it has added to the Government's financial problems for the cocoa trade are catastrophic.

The country's income from

cocoa pays only about a quarter of the cost of producing it. This year, anticipated to be some 1.25m cedis will not even meet the payroll for the CMB's 150,000 staff; bureaucracy. The farmers will have to be paid around 3,000 cedis. It all has to come from central reserves.

Consequently, as Mr Atuahene's cocoa export trade still accounts for 60 per cent of its foreign exchange earnings. Hard currency is needed desperately, since the major problem in reviving production is the acquisition of plant and spares. Dr Botchway has admitted that manufacturing industry is currently operating at between 15 and 20 per cent of capacity.

The Government's campaign to stop smuggling is having more immediate effect, but it is generally conceded it can never

be totally successful. Ghana's borders were sealed last September, and are patrolled by units of the army and the newly-formed Peoples Militia—effectively activists of the revolution's Peoples Defence Committees with basic arms training, which have tackled the problem of smuggling with zeal.

Ghana's artificial frontiers run through tribal land and the movement of headlamps across them can never be stopped, but it is the movement of ivory loads that the government is worried about, and that is being halted.

Mr Atuahene is realistic about the hurdles to be jumped: "The British had developed a most beautiful system, to get cocoa from the tree right into the breakfast table in London. I am full of admiration for it, and I recognise that we haven't been able to do it so efficiently. We need a new motivation to make it work again."

PRICE CHANGES

In tonnes, unless stated otherwise	Apr. 15, 1983	Apr. 14, 1983	Month ago
Aluminium	22,535	22,565	-30
Copper	31,075	31,075	0
Gold	789.15	789.15	0
Nickel	14,116	14,116	0
Silver	789.15	789.15	0
Steel	22,500	22,500	0
Wool	303	303	0
Zinc	92,135	92,135	0

LONDON OIL SPOT PRICES

Crude oil—FOB (per barrel)	Latest	Change
Arabian Light	24.44	+0.07
Arabian Heavy	24.44	+0.07
North Sea (Brent)	24.44	+0.07
West Texas Intermediate	24.44	+0.07

GOLD MARKETS

Gold—\$ per ounce	Latest	Change
London	344.44	+0.07
New York	344.44	+0.07
Paris	344.44	+0.07
Frankfurt	344.44	+0.07

EUROPEAN MARKETS

Wheat—(U.S. \$ per tonne)	Latest	Change
London	244.44	+0.07
New York	244.44	+0.07
Paris	244.44	+0.07
Frankfurt	244.44	+0.07

BASE METALS

Base metal—LME (per tonne)	Latest	Change
Aluminium	22,535	-30
Copper	31,075	0
Gold	789.15	0
Nickel	14,116	0
Silver	789.15	0
Steel	22,500	0
Wool	303	0
Zinc	92,135	0

LONDON FUTURES

Crude oil—FOB (per barrel)	Latest	Change
Arabian Light	24.44	+0.07
Arabian Heavy	24.44	+0.07
North Sea (Brent)	24.44	+0.07
West Texas Intermediate	24.44	+0.07

GOLD MARKETS

Gold—\$ per ounce	Latest	Change
London	344.44	+0.07
New York	344.44	+0.07
Paris	344.44	+0.07
Frankfurt	344.44	+0.07

EUROPEAN MARKETS

Wheat—(U.S. \$ per tonne)	Latest	Change
London	244.44	+0.07
New York	244.44	+0.07
Paris	244.44	+0.07
Frankfurt	244.44	+0.07

COPPER

Copper—LME (per tonne)	Latest	Change
London	31,075	0
New York	31,075	0
Paris	31,075	0
Frankfurt	31,075	0

LONDON FUTURES

Crude oil—FOB (per barrel)	Latest	Change
Arabian Light	24.44	+0.07
Arabian Heavy	24.44	+0.07
North Sea (Brent)	24.44	+0.07
West Texas Intermediate	24.44	+0.07

GOLD MARKETS

Gold—\$ per ounce	Latest	Change
London	344.44	+0.07
New York	344.44	+0.07
Paris	344.44	+0.07
Frankfurt	344.44	+0.07

EUROPEAN MARKETS

Wheat—(U.S. \$ per tonne)	Latest	Change
London	244.44	+0.07
New York	244.44	+0.07
Paris	244.44	+0.07
Frankfurt	244.44	+0.07

NICKEL

Nickel—LME (per tonne)	Latest	Change
London	14,116	0
New York	14,116	0
Paris	14,116	0
Frankfurt	14,116	0

LONDON FUTURES

Crude oil—FOB (per barrel)	Latest	Change
Arabian Light	24.44	+0.07
Arabian Heavy	24.44	+0.07
North Sea (Brent)	24.44	+0.07
West Texas Intermediate	24.44	+0.07

GOLD MARKETS

Gold—\$ per ounce	Latest	Change
London	344.44	+0.07
New York	344.44	+0.07
Paris	344.44	+0.07
Frankfurt	344.44	+0.07

EUROPEAN MARKETS

Wheat—(U.S. \$ per tonne)	Latest	Change
London	244.44	+0.07
New York	244.44	+0.07
Paris	244.44	+0.07
Frankfurt	244.44	+0.07

COTTON

Cotton—LME (per tonne)	Latest	Change
London	303	0
New York	303	0
Paris	303	0
Frankfurt	303	0

LONDON FUTURES

Crude oil—FOB (per barrel)	Latest	Change
Arabian Light	24.44	+0.07
Arabian Heavy	24.44	+0.07
North Sea (Brent)	24.44	+0.07
West Texas Intermediate	24.44	+0.07

GOLD MARKETS

Gold—\$ per ounce	Latest	Change
London	344.44	+0.07
New York	344.44	+0.07
Paris	344.44	+0.07
Frankfurt	344.44	+0.07

EUROPEAN MARKETS

Wheat—(U.S. \$ per tonne)	Latest	Change
London	244.44	+0.07
New York	244.44	+0.07
Paris	244.44	+0.07
Frankfurt	244.44	+0.07

WOL FUTURES

Wool—LME (per tonne)	Latest	Change
London	303	0
New York	303	0
Paris	303	0
Frankfurt	303	0

LONDON FUTURES

Crude oil—FOB (per barrel)	Latest	Change
Arabian Light	24.44	+0.07
Arabian Heavy	24.44	+0.07
North Sea (Brent)	24.44	+0.07
West Texas Intermediate	24.44	+0.07

GOLD MARKETS

Gold—\$ per ounce	Latest	Change
London	344.44	+0.07
New York	344.44	+0.07
Paris	344.44	+0.07
Frankfurt	344.44	+0.07

EUROPEAN MARKETS

Wheat—(U.S. \$ per tonne)	Latest	Change
London	244.44	+0.07
New York	244.44	+0.07
Paris	244.44	+0.07
Frankfurt	244.44	+0.07

Coffee producers to curb non-pact sales

COFFEE producers are likely to agree measures drawn up on Friday by nine leading coffee exporters in an effort to control the market in coffee exported to non-member countries of the International Coffee Organisation, Octavio Rainho, president of the Brazilian Coffee Institute, told Reuters.

Consumers may be reluctant to give full support to all five producers' proposals, he added.

The five-point plan agreed should go before all producing members of the ICO and then to the ICO Executive Board for consideration by consumers early this week.

Mr Rainho said there might have to be some compromise with consumers to obtain support for the bulk of the agreed measures.

Most opposition might come from the call for importers to reduce their allowed import quota of non-member coffee to just the actual growth in non-member countries, he added.

At the moment the small quota covered by special arrangements under the coffee pact usually includes coffee exported by member producers outside their ICO export quota.

Mr Rainho said no date had been set yet for further high-level meetings on the non-member coffee issue, but he said it would be kept under constant review with the possibility of economic sanctions being

imposed if a strong monitoring system does evolve.

The meeting was convened by Brazil, Colombia, Indonesia and the Ivory Coast and attended by Angola, Costa Rica, India, Kenya and Mexico with the support of Ecuador and Guatemala who were unable to attend.

Preliminary figures issued by the International Coffee Organisation yesterday estimated that exports by member countries to non-members in the first five months

YR	MO	DAY	HOUR	MIN	SEC	TIME
1983	JUN	06	17	00	00	170000Z

NEW-ERA INVESTMENT AND UNDERWRITING									
OFFICES WORLDWIDE									
1 Grosvenor Street EC4V 6AD									
Telephone (01) 281 8811									
MINES—Continued									
Central African									
	Stock	Price	+/-	%	Div.	Yld	Div.	Yld	
1	Falaba Res. 50c	230	—	—	0.55	10.3	5.4	—	
2	Wardia Res. 50c	21	—	—	0.10	1.4	1.7	—	
3	Zinc Corp. \$500.24	21	—	—	—	—	—	—	
Australians									
1	WAGM 20c	21	+2	—	—	—	—	—	
2	WAGM 20c	21	—	—	—	—	—	—	
3	WAGM 20c	21	—	—	—	—	—	—	
4	WAGM 20c	21	—	—	—	—	—	—	
5	WAGM 20c	21	—	—	—	—	—	—	
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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling maintains its firm trend

Sterling maintained its recent firm trend in fairly active foreign exchange trading. Hopes that the present Opec price structure will hold led to a steady advance by the pound, with its trade weighted index finishing equal to the year's high of 83.8 on the first trading day of January.

Dealers reported an unwinding of positions taken in favour of the D-mark in late March because of oil price fears, and that other members of the European Monetary System were dragged down in the wake of the German currency. Apart from sterling, the dollar also benefited from the move out of Continental currencies, while the Japanese yen held reasonably firm. Friday's U.S. money supply figures were in line with market expectations.

STERLING — Trading range against the dollar in 1993 is 1.2425 to 1.4540. March average 1.4002. Sterling-weighted index 83.8, against 83.7 at noon, 83.6 at the opening, 82.9 at the previous close, and 82.8 six months ago. Sterling has been firm during a period of uncertainty about oil prices and the recent upheaval in the EMS. U.S. interest rates have not fallen as expected, and although better money supply figures have led to renewed hopes, future trends remain rather obscure.

The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

DOLLAR — Trade-weighted index (Bank of England) 122.5 against 122.9 six months ago. The dollar has been firm during a period of uncertainty about oil prices and the recent upheaval in the EMS. U.S. interest rates have not fallen as expected, and although better money supply figures have led to renewed hopes, future trends remain rather obscure.

OTHER CURRENCIES — The pound rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The pound rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

EMS EUROPEAN CURRENCY UNIT RATES — The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

CURRENCY MOVEMENTS — The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

CURRENCY RATES — The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

THE POUND SPOT AND FORWARD — The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60. The dollar rose to DM 2.4598 from DM 2.4385; to FF 7.3725 from FF 7.3125; to Sfr 2.0580 from Sfr 2.0425; and to Y237.85 from Y237.60.

Gilts firmer in quiet trading

Sterling based contracts continued to benefit from the strength of the pound in the London International Financial Futures Exchange yesterday. Trading volume was on the low side, however, reflecting a similar lack of activity in the cash market.

Contracts traded in a fairly narrow range and much of the market now quite long on sterling. The June gilt price opened at the day's high of 106.12 up from Friday's close of 106.00 and moved in a very narrow range, touching a low of 106.02 before closing at 106.06. The June price in the short sterling sector opened at 90.35 and moved up to 90.40, with sterling at a high of 90.40 before finishing at 90.37 compared with Friday's close of 90.34.

LONDON — Sterling based contracts continued to benefit from the strength of the pound in the London International Financial Futures Exchange yesterday. Trading volume was on the low side, however, reflecting a similar lack of activity in the cash market.

Dealers noted some rollover activity in the June/September spread. Euro-dollar values were a little firmer overall but finished below the day's best level following a small downturn in Chicago. The June Euro-dollar price traded in a very narrow range to finish at 90.40 up from 90.34 on Friday.

Currency contracts showed increased activity with the dollar continuing to benefit from a general reluctance to unwind positions ahead of any positive downward trend in U.S. interest rates. Sterling was the obvious exception and after opening at 1.5500 up from 1.5420 on Friday touched a best level of 1.5570 which it maintained until the close of business.

CHICAGO — Sterling based contracts continued to benefit from the strength of the pound in the London International Financial Futures Exchange yesterday. Trading volume was on the low side, however, reflecting a similar lack of activity in the cash market.

INSURANCES — Sterling based contracts continued to benefit from the strength of the pound in the London International Financial Futures Exchange yesterday. Trading volume was on the low side, however, reflecting a similar lack of activity in the cash market.

OFFSHORE AND OVERSEAS — Sterling based contracts continued to benefit from the strength of the pound in the London International Financial Futures Exchange yesterday. Trading volume was on the low side, however, reflecting a similar lack of activity in the cash market.

WORLD VALUE OF THE POUND — Sterling based contracts continued to benefit from the strength of the pound in the London International Financial Futures Exchange yesterday. Trading volume was on the low side, however, reflecting a similar lack of activity in the cash market.

Apr. 19	£	¢	Note Rates
Argentina Peso	116.70-116.80	71.10-71.20	1.10-1.12
Australia Dollar	2.7850-2.7900	1.5500-1.5550	0.68-0.70
Brazil Cruzeiro	0.0230-0.0235	1.00-1.05	0.0001-0.0002
Canada Dollar	0.7500-0.7550	75.00-75.50	0.75-0.76
Denmark Krone	6.4600-6.4650	6.46-6.47	0.13-0.14
Deutsche Mark	2.4598-2.4600	2.46-2.47	0.42-0.43
French Franc	6.5500-6.5550	6.55-6.56	1.36-1.37
Italian Lira	2036.70-2037.00	2036.7-2037.0	3.36-3.37
Japanese Yen	160.00-160.50	160.0-160.5	1.60-1.65
Netherlands Guilder	2.2000-2.2050	2.20-2.21	0.36-0.37
Norwegian Krone	4.7000-4.7050	4.70-4.71	0.94-0.95
Portuguese Escudo	200.00-200.50	200.0-200.5	0.02-0.03
Spanish Ptas	166.60-166.70	166.6-166.7	0.03-0.04
Swedish Krona	4.6000-4.6050	4.60-4.61	0.92-0.93
Swiss Franc	2.0580-2.0590	2.06-2.07	0.43-0.44
U.S. Dollar	1.5500-1.5550	1.55-1.56	0.31-0.32
U.K. Pound	0.7500-0.7550	75.00-75.50	0.75-0.76

Apr. 19	£	¢	Note Rates
Argentina Peso	116.70-116.80	71.10-71.20	1.10-1.12
Australia Dollar	2.7850-2.7900	1.5500-1.5550	0.68-0.70
Brazil Cruzeiro	0.0230-0.0235	1.00-1.05	0.0001-0.0002
Canada Dollar	0.7500-0.7550	75.00-75.50	0.75-0.76
Denmark Krone	6.4600-6.4650	6.46-6.47	0.13-0.14
Deutsche Mark	2.4598-2.4600	2.46-2.47	0.42-0.43
French Franc	6.5500-6.5550	6.55-6.56	1.36-1.37
Italian Lira	2036.70-2037.00	2036.7-2037.0	3.36-3.37
Japanese Yen	160.00-160.50	160.0-160.5	1.60-1.65
Netherlands Guilder	2.2000-2.2050	2.20-2.21	0.36-0.37
Norwegian Krone	4.7000-4.7050	4.70-4.71	0.94-0.95
Portuguese Escudo	200.00-200.50	200.0-200.5	0.02-0.03
Spanish Ptas	166.60-166.70	166.6-166.7	0.03-0.04
Swedish Krona	4.6000-4.6050	4.60-4.61	0.92-0.93
Swiss Franc	2.0580-2.0590	2.06-2.07	0.43-0.44
U.S. Dollar	1.5500-1.5550	1.55-1.56	0.31-0.32
U.K. Pound	0.7500-0.7550	75.00-75.50	0.75-0.76

Apr. 19	£	¢	Note Rates
Argentina Peso	116.70-116.80	71.10-71.20	1.10-1.12
Australia Dollar	2.7850-2.7900	1.5500-1.5550	0.68-0.70
Brazil Cruzeiro	0.0230-0.0235	1.00-1.05	0.0001-0.0002
Canada Dollar	0.7500-0.7550	75.00-75.50	0.75-0.76
Denmark Krone	6.4600-6.4650	6.46-6.47	0.13-0.14
Deutsche Mark	2.4598-2.4600	2.46-2.47	0.42-0.43
French Franc	6.5500-6.5550	6.55-6.56	1.36-1.37
Italian Lira	2036.70-2037.00	2036.7-2037.0	3.36-3.37
Japanese Yen	160.00-160.50	160.0-160.5	1.60-1.65
Netherlands Guilder	2.2000-2.2050	2.20-2.21	0.36-0.37
Norwegian Krone	4.7000-4.7050	4.70-4.71	0.94-0.95
Portuguese Escudo	200.00-200.50	200.0-200.5	0.02-0.03
Spanish Ptas	166.60-166.70	166.6-166.7	0.03-0.04
Swedish Krona	4.6000-4.6050	4.60-4.61	0.92-0.93
Swiss Franc	2.0580-2.0590	2.06-2.07	0.43-0.44
U.S. Dollar	1.5500-1.5550	1.55-1.56	0.31-0.32
U.K. Pound	0.7500-0.7550	75.00-75.50	0.75-0.76

Apr. 19	£	¢	Note Rates
Argentina Peso	116.70-116.80	71.10-71.20	1.10-1.12
Australia Dollar	2.7850-2.7900	1.5500-1.5550	0.68-0.70
Brazil Cruzeiro	0.0230-0.0235	1.00-1.05	0.0001-0.0002
Canada Dollar	0.7500-0.7550	75.00-75.50	0.75-0.76
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MONEY MARKETS

London sentiment remains bullish

UK clearing bank base lending rates 10 per cent (since April 15 and 18). Short-term interest rates maintained the recent advance trend in the London money market yesterday, encouraged by the strength of sterling on the foreign exchanges. This led to renewed speculation about the possibility of a return to single-figure bank base rates, although the market was generally cautious on this subject, suggesting that after the recent struggle to achieve a base rate of 10 per

FINANCIAL TIMES SURVEY

Pakistan

Six years after coming to power General Zia is still searching for the compromise between autocracy and democracy he needs if he is to survive as president. It is however on the economic front that he faces his most immediate challenges

Uncertain path ahead

By ALAIN CASS, Asia Editor

IMAGINE a small country. It lies wedged uncomfortably between two hostile powers, one to the east, the other to the west. To the south is the open sea. To the north is a mighty barrier of snow-capped mountains.

The country is irrigated by a single, great river which cleaves it in half. Beyond its western banks lies rugged and inhospitable country, barely within the writ of the capital. There are four disparate provinces, divided by language, ethnic origin and a tribal structure still largely rooted in feudalism.

The country is ruled by a military autocrat who survives through a mixture of guile, force and a curious sixth sense which keeps him one jump ahead of the opposition. Good harvests and gifts from friends abroad have helped.

But he has problems. The menacing war to his west threatens to spill over his borders. His traditional enemy to the east poses a nagging threat. He has to spend nearly half the country's income on defence. Education, the bedrock of progress, receives scant attention. The vast majority of

his people are illiterate. Many are resentful, some hostile, to his rule.

It seems remarkable that, under such circumstances, President Zia ul-Haq of Pakistan has survived for nearly six years. It may, as he says, be thanks to the hand of God. But there must be times when this soldier, who is both self-deprecating and ruthless, zealous and pragmatic, wonders for just how long he can keep going on borrowed time and borrowed money.

Skillful

So far he has been fortunate, skilfully making the best of the country's assets and minimising its weaknesses. The economy is kept afloat by a combination of good fortune and good luck. The opposition is divided or silenced. There is an impression of calm and progress. The multilateral agencies lend money. Business is being done. On the international front President Zia has made a friend of the U.S. to the tune of \$3.2bn in arms and economic aid. He remains firmly committed to Pakistan's ties with China and, more recently, has begun to

clift with the new Soviet leadership in the hope that the few, meagre hints from Moscow that it wishes to find a way out for its 100,000 troops in Afghanistan point to a genuine desire for a political solution.

Internally he has consolidated his own position within the armed forces. He has scattered the political opposition—using martial law more as a broom than a cudgel—and begun to grope for a constitutional structure suited to a country which has agonised over its identity since partition from India in 1947.

Believing, also, that Islam is the only glue which holds Pakistan together this devout Muslim, who recalls with horror the sectarian violence which accompanied partition, has initiated a fundamental transformation aimed at creating an Islamic state.

It is a delicate balancing act performed against an uncertain international backdrop. Beyond the turmoil in Afghanistan, the instability in the Gulf—traditionally a source of political and economic support for Pakistan—is compounded by the fall in world oil prices. The sharp deterioration of relations

between the U.S. and China—both friends of Pakistan—and the gradual rapprochement between Moscow and Peking can only add to the uncertainty and underline the need for stability rooted in a distinct sense of nationhood. President Zia has tried to make friends with India, with whom Pakistan has been at war three times in as many decades, only to find himself entangled in a web of mutual suspicion and hostility. The illusion of progress

fostered by sophisticated bureaucracies in both countries is consistently undermined, in the first place, by a belief in India that Pakistan is bent on revenge for its past defeats and a fear, in Pakistan, that the Indian leadership cannot reconcile itself to the existence of an Islamic state on its borders. The furious pace of rearmament by both sides and the suspicion, fostered by the international community, that Pakistan is out to manufacture nuclear weapons both as a



President Zia ul-Haq: self-deprecating but ruthless, zealous and pragmatic.

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BASIC STATISTICS

AREA:	803,943 sq km
POPULATION	
Total:	87.1m
Density:	104 per sq km
Birth rate (per 1,000):	44
Death rate (per 1,000):	14
CURRENCY	
1940 rupees=£1	
12.90 rupees=£1	
WEALTH (1981/82)	
GNP:	\$31.68
GNP per capita:	\$350
Gross national savings:	\$3.70
Exports:	\$2.05
Imports:	\$6.51
LABOUR FORCE	
Agriculture:	13.5m
Industry:	5.2m
Services:	7.9m

Source: World Bank

and the Islamic states of the Gulf.

Recently, however, the new Soviet leadership has hinted at a political solution to the Afghan problem and there are signs that President Zia's regime would not be averse to reaching a mutually acceptable compromise with Moscow which resulted in the return home of most Afghan refugees, the withdrawal of most—though not necessarily all—Russian soldiers and a secure and recognised border with Afghanistan.

Pakistan is currently engaged in indirect talks with the Russian-backed regime in Kabul through the auspices of the United Nations. The dilemma will become acute if these talks reach a point where a deal is possible with Moscow based primarily on Pakistan's national interests which the U.S. finds distasteful.

Remote though this possibility may be—primarily because of the unlikelihood of finding a stable government to rule in Kabul acceptable to the refugees—it is not beyond the bounds of possibility.

Reluctance

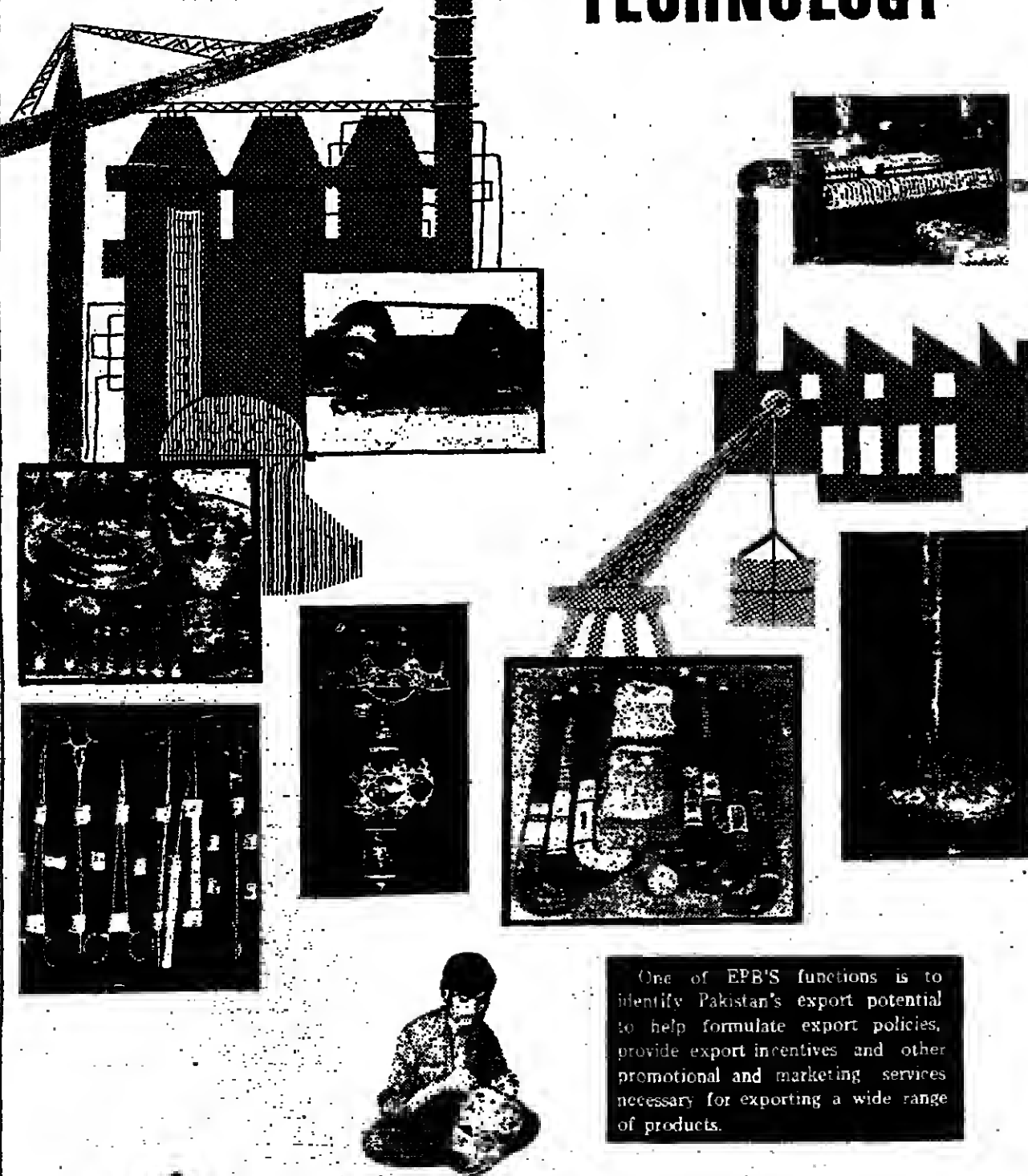
Meanwhile President Zia is looking for ways of accelerating the rate of economic progress. He is faced with formidable problems. The official rate of literacy (24 per cent) is almost certainly optimistic and is, in any case, half that of countries with similar per capita incomes in the developing world. "We cannot build the edifice of a modern society on such an illiterate base" is how one of President Zia's own ministers put it. Neither, he could have added, can they with a birth rate close to 3 per cent a year.

There is a growing energy gap, a critical lack of infrastructure and an understandable reluctance on the part of big business to invest in capital formation. These problems are compounded by a drop in the rate of growth in workers' remittances. The balance of pay-

ments will be under strain for the foreseeable future. But there have also been visible signs of progress. Since 1977, as the World Bank points out in its latest report, Pakistan's overall economic performance has improved considerably. Real growth has averaged over 6 per cent a year, tight management of the economy has reduced budget deficits, inflation has fallen, agricultural production has improved and the private sector has been given an increasingly bigger role.

The next few months are likely to see a further attempt to loosen the bureaucratic strait-jacket, which has traditionally stifled the incentive to invest, as the sixth five-year plan is finalised. A major attempt is to be made to bridge the energy gap and to broaden the country's small industrial base. With more good luck and continuing good judgement President Zia may be able to set the country on a stable course for the next decade. It will not, however, be easy nor is it certain. But, as one western diplomat put it, "it's a good enough way bet."

FROM TRADITION TO TECHNOLOGY



One of EPRB's functions is to identify Pakistan's export potential to help formulate export policies, provide export incentives and other promotional and marketing services necessary for exporting a wide range of products.



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Government of Pakistan

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ADGROUP

Pakistan

is a land rich in natural resources and human potential well on its way to progress and development

In the last few years Pakistan has emerged as one of the fastest growing economies in the world. Its annual report for 1982, Pakistan's growth per annum in 1981 averaged upwards of 8% compared to average of only 3.1% for South Asia. Both the agricultural and industrial sectors in Pakistan have shown marked increase in production. In fact, the country is now not only self-sufficient in food, but is also a food exporter. The industrial sector, too, is geared towards greater self-reliance. National Bank of Pakistan plays a vital role in the country's development.

Established in 1949 with Government participation and since nationalised, the National Bank of Pakistan is the country's premier commercial bank. With over 1500 branches in Pakistan, besides foreign branches and representative offices, it serves the country in all spheres of national life and handles the Government's entire banking business with other countries. It is the State Bank of Pakistan's sole agent for transacting Government of Pakistan's receipts and payments business. A joint venture in Saudi Arabia called Bank Al-Jazira with its 17 branches, has made significant contribution towards the economic growth of Saudi Kingdom.

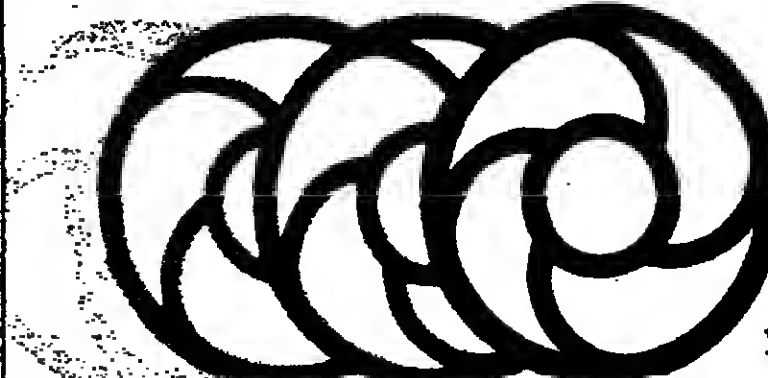
National Bank helps national endeavour to fulfil national aspirations.

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I. I. Chundrigar Road, Karachi, Pakistan. Telephone 226781-10 lines 226612-5 lines. Telex: 23732, 23733, 2734 NBP PK

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National Bank of Pakistan Serves the Nation

PAKISTAN II

Why the Government must move quickly on energy

COMMERCIAL ENERGY SUPPLY

	1978/79	1981/82*	1982/83†	1981/82	1982/83
Petroleum products	182.5	221.0	237.0	2.7	7.3
Natural gas	181.5	260.7	260.7	6.3	6.0
Coal	27.4	32.3	32.6	6.7	8.9
Hydroelectricity	86.7	100.1	126.6	7.4	26.5
LPG	1.6	2.2	3.5	15.8	59.1
Nuclear	1.6	1.9	1.6	—	—
Total	490.7	619.2	663.0	5.3	7.1

* Preliminary.
† Government targets.

‡ Excluding exports and non-energy uses.

Sources: Ministry of Petroleum and Natural Resources and Planning and Development Division.

A GROUP of industrialists in Karachi recently took the highly unusual step of appealing directly to President Zia-ul-Haq in a newspaper advertisement to save the country from what they described as an energy crisis of "cancerous proportions."

Industries are being forced, they said, to curtail production for up to 16 hours a day. The matter was one of "grave urgency."

What they had to say cannot have come as news either to President Zia or his economic advisers who are fully aware of the situation.

A recent study suggested that unless major new investments were made in natural gas the gap between supply and demand could grow to 40 per cent by the middle of the decade. Nearly 43 per cent of Pakistan's energy needs are supplied by natural gas.

Disincentive

The major disincentive to investment in this, Pakistan's highest energy asset, has been the unrealistically low well-head price. This has been compounded by an equally unrealistic price paid by the consumer creating a vicious circle of excessive demand and diminishing supply.

Mr. Khattar Masood, Secretary of the Ministry of Petroleum and Natural Resources and Chairman of the Government's working group on energy, made the point in a memorandum to the regime, accompanied with

some tough recommendations. "The energy crisis is going to stay," he said. "Government has to face it and the people have to get used to it. There is no short cut except conservation. There is no solution except heavy investment."

Mr. Masood is a rare breed—a civil servant who speaks his mind. His recommendations are certainly tough and, if implemented in full (which is unlikely) will not win President's Zia's regime any marks for popularity.

They include:
● Cutting back sharply on Pakistan's gas consumption.
● Raising energy prices.
● Introducing mandatory annual energy audits for industry.
● Penalising wasteful energy users.

Shaking up the existing government energy departments and creating a new Energy Ministry.

Whether or not the Government decides to be as tough as Mr. Masood suggests, it must, within a year at the latest, decide how to invest its limited resources to bridge a gap which is becoming alarmingly wide.

The sixth five year plan is likely, according to officials, to devote between Rs 100bn and Rs 115bn to energy investment. Pakistan's biggest gasfield, at Sul, is already 25 years old and requires new investment in compressors for which the World Bank has already offered a \$140m loan.

Pakistan's total production of 800m cu ft a day will have to be raised substantially although total reserves are estimated at around 10 trillion cubic feet. While not enormous by world standards, this should be sufficient to provide the country's small, but growing industrial base with a secure source for the foreseeable future.

The Soviet Union has offered to help produce liquid gas at Dhodakin Baluchistan. The Government will have to decide whether to accept Moscow's offer or ask France (the other bidder) to help exploit the available gas condensate—an area in which Pakistan has insufficient experience.

New investment is likely to be accompanied with a further rise in prices—currently less than one-tenth of equivalent world prices—and a cutback in gas connections to consumers. These have already been cut by half in the current year from 100,000 to 50,000.

Pakistan imports 90 per cent of its oil. Its efforts to persuade foreign companies to invest in exploration have virtually ground to a halt. Shell International are likely to pull out in

July if their fifth well proves dry. Others already have and, so far, there have been no bidders for eight new blocks offered by the Government. Although oil was first found in Pakistan 70 years ago, production has only reached 10,000 b/d.

Pakistan uses oil for 36 per cent of its total energy requirements so the need either for conservation or major new investments is urgent.

Major problems in persuading foreign oil companies to invest in Pakistan at a time of sharply falling world prices have included the relatively unattractive contract terms—these are being revised—the extremely complex geological structures in many areas and the difficulties of dealing with a cumbersome bureaucracy.

Substantial investments are expected in thermal power plants over the next decade and the development of hydroelectric facilities at the Tarbela and Mangla dams are being speeded up. Preliminary investigations for a third dam at Kalabagh are under way.

Willing

Immediately, however, the Government is faced with a choice between pouring money into its nuclear power programme or developing Pakistan's coal reserves estimated at some 640m metric tonnes. Pakistan's coal is of a low quality but some experts are arguing that the country would do better to develop this in stages with power stations at the coal face, rather than opt for the "quick fix" nuclear option.

France appears willing to offer Pakistan nuclear technology to build a second nuclear power station at Chasma, 150 miles south-west of Islamabad, in spite of the fact that Pakistan refuses to place all its facilities under international safeguards.

The Chasma power plant, which was given the go-ahead last year, is likely to cost up to \$2bn, a sum which could only be afforded if Pakistan's Arab Gulf supporters, notably Saudi Arabia, agreed to fund large parts of the project.

The proposed 900 Mw plant would certainly give the grid a badly needed boost and some officials are arguing that Pakistan should develop both its nuclear and its coal potential. The Government may decide to do this. Either way it is obliged to move quickly because the energy problem remains the single biggest obstacle to sustained economic growth.

Alain Cass

The battle to produce a food surplus

PAKISTANI planners propose to spend Rs 70bn (\$3.683bn) on agriculture in the next five years. The hope is to make the country fend for itself in food and raw materials, and to create reasonably large exportable surpluses on a sustainable basis.

The effort will require a major input of advanced technology, likely to cost Rs 50bn in the five years from July 1.

A major portion of the technology package will have to be imported. It will include equipment for farm mechanisation, construction of major water projects, fertiliser units, pesticides plants and aircraft for pesticides spray as well as agro-services. Seed treatment plants to ensure quality, and a wide range of research and development services are also required. Some foreign credits to finance import of tractors, machines and chemicals, will be needed.

The heyday for farming was during the British Raj in the subcontinent. The area now comprising Pakistan exported a great of cotton and wheat to Britain and elsewhere. But in the 35 years since the country's independence agriculture has been in the doldrums and the population has overshot food production.

Some impressive advances have been made in rice and cotton farming in the past 15 years. However, both cotton and rice prices have varied considerably in the world markets and the shortage of food has remained.

Agriculture contributes 30 per cent to the Gross Domestic Product, employs half the workforce and contributes half export earnings. Spells of large farm production have coincided with overall economic growth. "It is extremely difficult to maintain a satisfactory economic growth unless it includes a sizeable expansion in agricultural production and yields," says Dr. Moimuddin Baqal, Permanent Secretary at the Ministry of Planning.

In the past five years, the farming sector growth was 4.5 to 5 per cent a year. This year Pakistan is producing an all-time high of 12m tonnes of wheat, 4.8m bales of cotton, 3.43m tonnes of rice, 36m tonnes of sugar cane and 0.96m tonnes of corn. Edible oils, lentils, potatoes, onions, vegetables, citrus, mangoes, bananas, apples and other fruits are also grown.

In recent years the cropped area has been enlarged and yields improved. This in part is due to the application of more modern inputs along with increase in farm gate availability of irrigation water from 80.44m acre feet five years ago to 96m acre feet in 1981-82.

Two years ago, Pakistan changed from a wheat importer to an exporter, with the first consignment of 50,000 tonnes going to Iran. More wheat is being exported to Iran and Bangladesh this year. The country has been exporting sugar now for a year, but does not see a long-term potential in the commodity, as its cost of production is nearly double the world market rates.

The farming sector has three trouble spots straining the balance of trade. Annual imports of edible oil cost \$275-\$300m, tea \$110-\$120m, and powdered milk \$45-\$50m.

Demand for all three deficit items is growing but there are hardly any plans to replace imports of them.

Pakistan farm exports now exceed imports by \$100m-\$200m a year but the Government plans to increase this figure to \$1bn by 1988.

The present sixth plan of the water resources development scheme is estimated to cost around \$25bn. The key elements of the plan are:

● Construction of a multi-million dollar dam over the River Indus at Kalabagh with the aim of both storing water and generating power.
● A \$100m rehabilitation of canals and water courses.
● Use of underground water.
● Control of salinity and water-logging.

Selective

Mr. Mohammad Fazl Janjua, Minister for Food and Agriculture, says that a selective mechanisation programme will be initiated to supplement labour in order to increase intensity of yields. Its main feature will be the import and manufacture of tractors below 30 hp. An estimated 5,000 to 15,000 tractors will be needed annually. Most will have to be imported initially.

The Government is keen to give the private sector a major role in farm-related services and agri-business as it has in many cases proved to be more effective than the public sector.

The Government wants the agro-services companies to grow in size and scope. "We will want them to own large fleets of equipment so that they can move on to a farm, whenever asked, and provide the desired services," officials say. The Government's farm credit banks will pay the companies for the services, and debit money as a loan to the farmer.

Research and development continues to be a problem. Small research outfits, scattered all over Pakistan, are ill-equipped, poorly manned, and most of the time engaged in feeding themselves or with the Government. They have failed to produce any significant results.

Despite a lot of noise the centralised Pakistan Agricultural Research Council in Islamabad is still bracing itself to tackle the massive problems for which the farmers urgently need solutions in order to protect their crops, raise yields and improve quality of the produce.

On the overall prospects for Pakistani agriculture the planners and scientists are cautious. "The scope for a relatively easy agricultural growth must be regarded as being fairly limited," one of them says. "It will be difficult to attain higher yields without a considerable increase in supporting instruments and the institutional networks."

Mohammed Aftab

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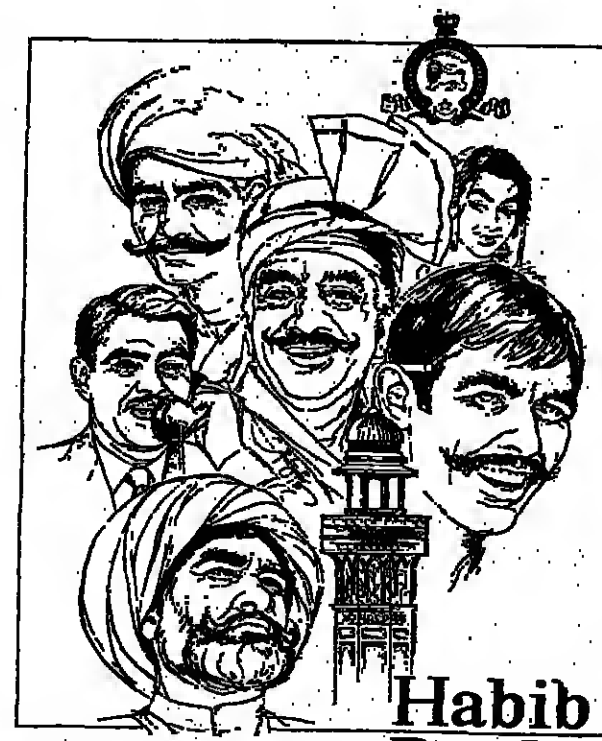
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"NOBODY OFFERS SUCH A UNIQUE RANGE"

John Elliott reports that the country's apparent economic success is based on fragile foundations

Buoyancy aided by external factors

THREE factors have kept the Pakistan economy in a buoyant state in recent years. There have been good harvests. Pakistan workers employed in the Middle East have sent home remittances of over \$1.5bn a year. There has been a flow of substantial aid from the International Monetary Fund, the World Bank and other sources.

Without any one of these props the economy, which is already vulnerable, would become even more fragile. The Government is therefore concerned about the prospects as it finalises its five-year economic plan.

Harvests cannot be guaranteed. The decline in Middle East construction work and the falling price of oil could reduce the demand for Pakistani workers overseas. Other countries may not be prepared to provide all the aid that is needed.

For the time being, however, there are no immediate causes for concern. The foreign workers' remittances have helped to create an aura of a comfortable consumer society, with modern Japanese cars on the roads and electricity in homes. (Even in villages which do not have electricity, the possession of an imported video recorder or television is a badge of success.)

EXTERNAL PUBLIC DEBT OUTSTANDING AT END OF 1981 (in dollars)				
	Disbursed	Undisbursed	Total	Per cent
Suppliers Credits ...	142.1	32.2	174.3	1.5
Financial Institutions ...	368.1	62.9	431.0	3.8
Concessions				
Bilateral Members ...	4,642.5	410.6	5,053.1	44.2
Belgium ...	28.8	8.7	37.5	0.3
Canada ...	424.2	94.1	518.3	4.5
France ...	128.4	39.5	177.9	1.6
Germany ...	715.9	59.1	775.0	6.8
Italy ...	61.5	—	61.5	0.5
Japan ...	197.1	104.6	301.7	2.6
Netherlands ...	155.2	34.4	189.6	1.6
Sweden ...	24.3	—	24.3	0.2
United States ...	2,499.1	70.2	2,569.3	21.7
Multilateral Agencies	1,585.7	1,256.8	2,842.5	24.8
Asian Develop. Bk	266.8	719.4	986.2	8.5
IBRD	319.1	32.1	351.2	3.0
IDA	968.8	505.3	1,474.1	12.3
New Concessions				
Opec ...	1,110.3	297.2	1,407.5	12.3
Iran ...	626.8	—	626.8	5.5
Libya ...	66.2	—	66.2	0.6
Saudi Arabia ...	325.7	123.3	449.0	4.1
Other lenders (incl. Iraq, China & USSR)	964.2	568.2	1,532.4	13.4
Total	8,812.9	2,628.0	11,440.9	100.0

(a) Debt with a maturity of over one year, guaranteed directly or indirectly by the Government, including debt owed to private creditors.

Source: World Bank Debt Reporting System, based on detailed reports from the Government of Pakistan.

Superficial

The Government's attempts to turn this superficial prosperity into a firmly based agricultural and industrial society faces problems. The balance of payments position has worsened, economic growth is slowing slightly and inflation is widely believed to be well above the Government's official 5 to 6 per cent figure.

The private sector of industry has yet to respond to government policies with substantial investment, although there are signs of an increase.

The most significant prop in political terms is the U.S. package of defence and development aid totalling \$3.5bn over five or six years. The central tranche from the U.S. form part of the package provided by countries in the aid to Pakistan consortium who meet in Paris this week to agree terms for the future.

Together with aid from other sources (see below) this money helps to fund much of Pakistan's development, while also providing urgently needed foreign exchange. A heavy repayment burden, however, that about 75 per cent of the aid received each year has to be used to service debts.

In economic terms the main prop is the IMF's extended facility of \$1.5bn over three years which runs out this autumn.

Conditions

Falling oil prices have helped ease problems because petroleum accounts for one-third of total imports and 90 per cent of the country's crude oil is imported. The fall in the value of the rupee by over 20 per cent since its link with the dollar was broken 15 months ago has also eased problems. The floating of the rupee was one of the conditions laid down by the IMF in return for its loan.

The falling value of the rupee has also helped to counteract a reduction in the rate of growth of foreign remittances, boosting them by over 20 per cent to well over \$2bn in official foreign exchange.

The rate of overall economic growth has been good in recent years, averaging about 6 to 6.5 per cent a year. But this may now fall back to 6 per cent or perhaps a little less in the current financial year. Measured by international standards this is not a bad result, but it is considerably less than the Government's 6.7 per cent target.

Account deficit

which is reduced to \$200m when gross aid income is taken into account. But despite record levels of reserves exceeding \$1bn, there is only two or three months of import cover.

Mr Ghulam Ishaq Khan, the veteran civil servant who has been Finance Minister since the present regime came to power, is adamant that he does not want to ask the IMF for another facility.

"We have no intention of going back to the IMF this summer," he says. "That is not to say that our balance of payments troubles are over and I am not ruling out the possibility that as now I see no need to go back for another extended facility."

The country's balance of payments deteriorated in the financial year July 1981-June 1982 because of a 17 per cent decline in exports and slower growth in migrant workers' remittances.

Although the country has become more than self-sufficient in food and is planning a major expansion of agricultural exports to transform its balance of trade in the future, low international commodity prices have hit exports. It has been left with uncomfortably large stockpiles of 500,000 tonnes of sugar, and a similar surplus of wheat is feared. Cotton exports have slumped by 49 per cent and rice by 30 per cent.

Now there is a \$1.3bn current



Mr. Ghulam Ishaq Khan, Minister for Planning (left) and Mr. Mahbubul Haq, Finance Minister, both of whom Mr. Ishaq Khan should moderate.

for GDP growth.

The country is now debating its sixth five-year plan which comes into force this summer, and already ministers are cutting back on projects in its early years because of economic constraints.

There has been a battle between Mr. Ghulam Ishaq, who stresses he does not believe in rapid change, and Mr. Mahbubul Haq, the new Minister for Planning who last summer returned to Pakistan after 12 years with the World Bank in Washington to prepare the new plan.

Mr. Mahbubul Haq made his name ten years ago by condemning the "22 families" in Pakistan who it was said owned 80 per cent of the country's industrial wealth. That slogan helped pitch the Bhutto regime of the 1970s into a period of wholesale nationalisation which has left deep scars on the confidence and general outlook of leading Pakistani industrialists.

Now, however, Mr. Mahbubul Haq is firmly wedded to President Zia's policy of backing the private sector and curtailing

public sector industrial investment.

Many industrialists and businessmen in Karachi suspect that Mr. Ghulam Ishaq, who has wide ranging powers as a close confidant of President Zia, is not so keen on relaxing controls on the private sector. He is also believed to have opposed IMF demands for import controls to be relaxed.

But the main clash between Mr. Mahbubul Haq and Mr. Ghulam Ishaq has come over the extent to which the five-year plan should attempt to transform the country's rural and social infrastructure. Mr. Mahbubul Haq wants to raise the literacy rate from 24 per cent to 40 per cent in five years, to electrify 32,000 of Pakistan's 45,000 villages that have no electricity and to double the mileage of rural roads.

He wants to develop the backward regions of Baluchistan and the North West Frontier Province to help expand the country's net food exports from \$100m to \$1bn a year.

These plans are now being watered down, but the basic

tenets of the policy remain. These are to switch public sector investment from industry to the social services, relying also on the private sector to bolster scarce infrastructure investment. Businessmen are being asked to form partnerships with the Government—for example to help finance a project to turn the major Peshawar to Karachi highway into a dual carriage way.

It is also being suggested that foreign workers' remittances should be put into collective funds for legal authorities to use as part of the cost of electrifying villages and building rural roads. It remains to be seen whether private sector financial institutions will respond to the major projects or whether individuals will be prepared to divert their foreign earnings from consumer and family items like cars, electrical goods, and building houses to communal projects.

There is considerable potential in the country for foreign as well as domestic industrial investment. Potential interest from abroad is illustrated this week both by a conference in London on the country's investment prospects and by a visit to Pakistan by an investment team from the U.S. There are also signs of increased investment from the Middle East.

To get the overall response it wants, however, the Government needs to do more to encourage its own industrialists to invest, partly by changing its taxation structure away from import and custom duties. It also needs to do more to encourage personal savings and to relax the bureaucratic controls exercised by Government departments and Government-owned banks.

Without such changes, and an improvement in energy supplies and infrastructure as well as a greater degree of political certainty for the future, the economy is unlikely to emerge into a period of stable and sustained growth.

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The \$2.5bn earnings of workers abroad

BETWEEN 2m and 3m Pakistanis are believed to be working abroad. The remittances they send home, approaching \$2.5bn, according to official estimates, is roughly equal to the country's earnings from conventional exports.

The total value of the remittances is considerably higher if the cost of consumer goods and cars paid for with the foreign workers' money is included along with

money channelled through unofficial sources.

But Pakistan cannot rely on this income indefinitely. Mr. Mahbubul Haq, Minister for Planning, says it is "a highly uncertain market for the next few years."

The flow of labour abroad also creates skill shortages in Pakistan companies. The Ministry of Labour is conducting a survey of the benefits to the economy. It is also spending

\$45m on training schemes to increase the skills of workers in Pakistan and to raise the level of skills that can be offered to Middle East employers.

Efforts are also being made to persuade Pakistanis working abroad to invest in Pakistan industry, either in industrial estates set up by the country's Overseas Pakistan Foundation or in the workers' own villages.

U.S. the biggest known contributor Aid provided by most major countries

MOST major countries provide aid to Pakistan. This is done either individually on a bilateral basis or through international organisations such as the World Bank and the Asian Development Bank. The U.S. and Japan provide the most for development purposes through the Aid to Pakistan Consortium of Countries which has pledged a total of \$1.1bn in the current Pakistan financial year ending in June.

Over the medium term aid is dominated by a US\$2.2bn five to six-year package agreed in 1981 to be split approximately on a 50-50 basis between arms and economic development, and a five-year World Bank programme averaging \$300m a year, another major donor is Saudi Arabia. The Islamic world is a major source of funds.

Refugees

In addition, aid for feeding and supporting the country's Afghanistans refugees officially totals some \$300m. This comes from various sources and Pakistan provides another \$500m itself.

The purpose of the development aid is to provide cash for commodity purchases and projects, and in particular to provide foreign exchange for goods which are bought abroad. Virtually every project started in Pakistan, ranging from experimental solar energy installations and road-making machinery depots in rural areas to cement plants, tractor factories and power stations, is based heavily on the aid.

The donors involved often

insist that purchases are made from their own countries, so limiting international competition and, occasionally, preventing a Pakistan manufacturer from bidding for an order.

According to an estimate by one Pakistani industrialist, this system can add up to 30 per cent to project costs because the cheapest potential bidder is often ruled out.

The U.S. economic development aid of \$1.1bn over five or six years is split on a two-to-one ratio between grants and loans. It will eventually average \$268m a year, subject to annual approval by the U.S. Congress. The total includes approaching \$1bn for agriculture including \$300m each for equipment, fertilisers and edible oil. Another \$200m is earmarked for energy projects and \$100m for management training.

About \$65m is to be spent on regional projects such as developing the desert regions of Baluchistan, adjoining Afghanistan, and trying to direct the economic base of the North West Frontier Province away from primary reliance on the production of opium.

The rest of the aid package put together by the Consortium Countries, which include the UK, is led by Japan, the biggest aid donor from 1970 to 1981 after the U.S. had stopped subsidising new aid because of Pakistan's nuclear activities. According to Japanese figures, it was then supplying 40 per cent of Pakistan's bilateral aid, a proportion which has declined as the U.S. and other countries

have stepped up their support following the Russian invasion of Afghanistan.

Japan has pledged about \$155m in the current financial year which includes loans of \$40m for a diesel electric locomotive manufacturing factory and \$20m for satellites and telephonic exchanges.

Irrigation

The World Bank's \$270m in the current year includes about \$90m for energy projects, \$50m to \$60m each on urban development and rural irrigation, and a slightly smaller sum on railway projects. In line with the Government's five-year plan, future aid will be concentrated on agricultural and energy developments.

Other aid officially totalling at least \$100m (but thought to be far larger) is provided by Pakistan's Islamic allies and Opec countries in the Middle East. A further \$100m comes from countries such as Romania, China and Russia.

But the net worth of much of the development aid is reduced by about 75 per cent because Pakistan has had to service heavy aid debts which now total \$9bn and would alone take 10 to 15 years to repay.

There is also some doubt in Pakistan about how much of the aid is actually spent on projects and how much is absorbed unofficially by officials and contractors, even though all the aid organisations insist they monitor their donations effectively.

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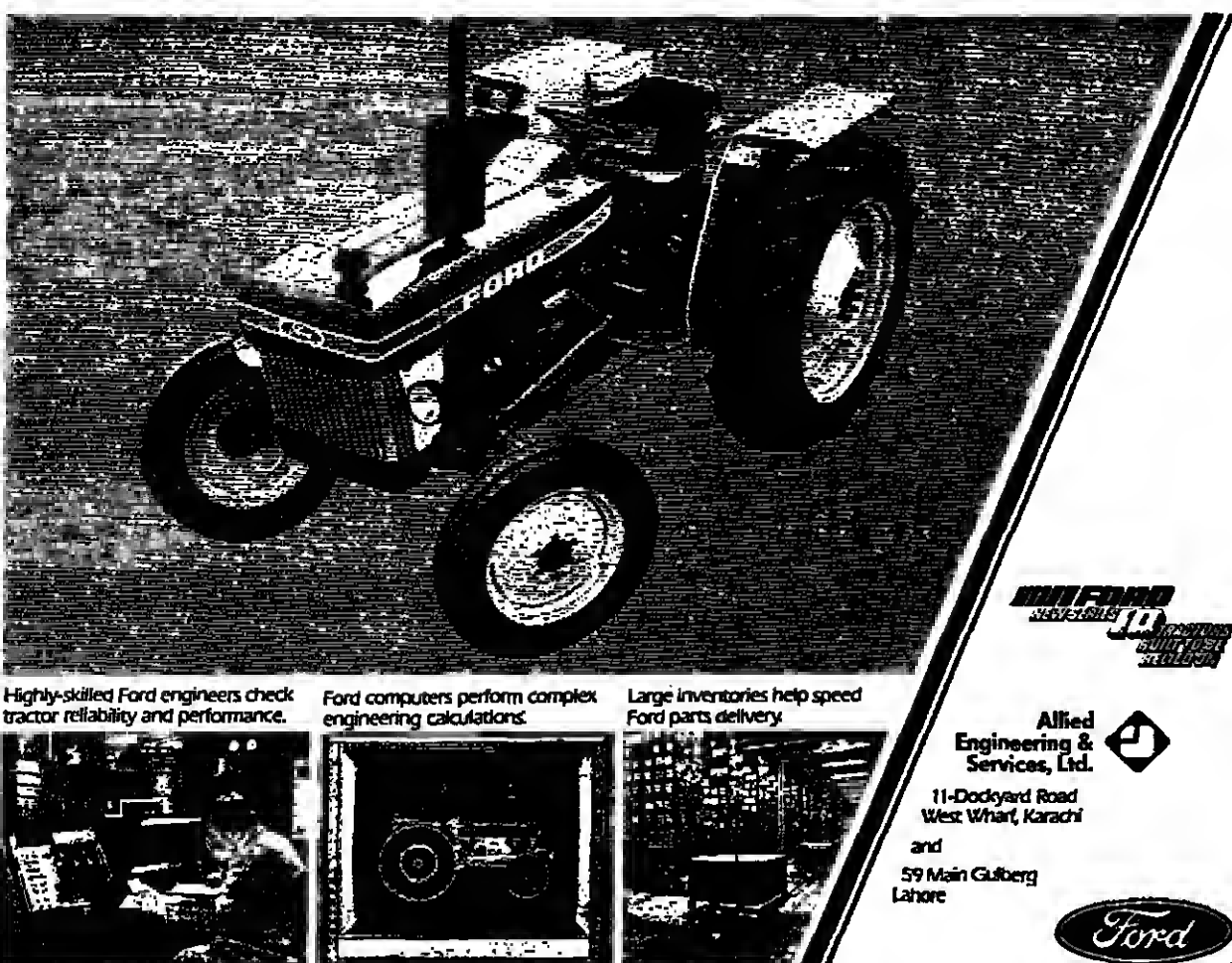
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PAKISTAN IV

Industry and trade

John Elliott reports on hopes for industrial growth

Emphasis on the private sector

Key sectors

THE GROWTH of Pakistan's manufacturing industry during the next two or three years will depend primarily on the willingness of the private sector to invest and on the impact of the country's first steel mill at Pipri near Karachi.

A surge of private sector investment in a steady flow of good quality steel could have a major catalytic effect, providing this was also backed up with increased support from the Government and an improved infrastructure service.

The Government's policy is to switch the burden of industrial investment from the public to private sector and this is beginning to have some effect. But overall Pakistan is still suffering seriously from its poor industrial legacy at the time of the partition of India, and from the widespread nationalisation policy of the Bhutto regime in the 1970s.

Many industrialists and small businessmen who lost businesses either during the creation of Bangladesh or because of the Bhutto nationalisation insist that they are still loathe to become too involved in new industrial investments because they fear they might lose their assets again. The risk is believed by businessmen to be possibly less serious for foreign investors because the Bhutto regime did not tamper with foreign-owned companies.

Industrialists and other businessmen are also far from happy with the record of the present Government. "There are too many government controls. The policy is all lip service making to the low levels in the bureaucracy where people have narrow perspectives and impede industry," says one businessman.

While some businessmen disagree there are general complaints that the Government has not de-nationalised enough industry and has not abolished labour laws which make it extremely difficult to sack workers. Labour relations have improved since the days of the Bhutto regime, but productivity is hit by excessive over-man-

ning. The Government appears to have abandoned hopes that it can denationalise wide areas of industry, having been told by private sector industrialists that its terms for them to take back their old companies, which straddle most of manufacturing industry, are not generous enough. Now the Government is 'aiming to give priorities wherever possible to the private sector and to encourage partnerships—sometimes called privatisations—between the public and private sectors.

Public sector investment has not been entirely frozen. Some \$400m will have to be spent in the coming year completing projects started by the Bhutto regime such as the Pipri steelworks and Port Qasim near Karachi and repairs to the Tarbela dam. A further \$50m to \$60m will be spent modernising state-owned companies which are grouped into seven corporations covering such areas as chemicals, fertilisers, cement, automobiles, engineering, oil and petrochemicals and steel.

Improvements

Le Gen Saeed Qadir, the Minister for Production, is credited with making significant improvements in the industries' management and efficiency, but many factories are working 30 to 40 per cent or more below capacity and are producing returns on assets of under 2 per cent.

In the private sector, foreign investment is encouraged but is only building up slowly. There is no statutory limit on foreign equity stakes, but foreign businesses which set up in competition with a local concern have to produce considerable exports. They are also expected once they are well established to dilute their holdings when carrying out major expansions.

The Government is also insisting that its own nationalised concerns, and any new private sector manufacturing ventures, include plans for rapidly moving from assembly of imported parts to a local manufactured content of 70 to 80 per cent or more.

In total, the Ministry of

Industry says that sanctions for \$4bn of industrial investment have been agreed in the past five years. But only about 25 to 33 per cent of these projects are going ahead at present.

Nearly 30 per cent of those in progress involve fertilisers, polyester, synthetics and other chemicals, and the 16 per cent are in textiles, and 22 per cent are in cement or glass. There is also a thriving—and often unofficial and unregistered—small sector.

The biggest single investment since the present Government came to power is a \$30m ICI polyester plant on the Sheikhupura road outside Lahore. This road is one of the fastest growing industrial areas in Pakistan and includes new tractor, glass and chemicals plants.

There were hopes two or three years ago that the ICI project would act as a catalyst for other major investments. This has not happened but there are signs of old business families developing some projects.

The Packages group of Lahore, for example, owned by the Waqar Ali family, is investing \$60m in its paper and board and other interests.

The Adamjee family in Karachi is investing about \$150m over five or six years, according to Mr A. G. Adamjee, a senior member of the family. He is specially interested in electronics, plastics, automotive parts and construction.

The Hash family of Karachi is also investing in the automotive industry and in a foundry. In Lahore, Mr M. M. Siddiq, a Pakistani living in the Middle East, is investing money from his Qatar company totalling \$45m over two or three years. He has a glass bottle and tableware factory in production on the Sheikhupura road and has plans for plate glass, tissue paper and packaging plants.

In Rawalpindi, the Farul Foundation, which is an industrial company based on ex-servicemen's welfare funds, is expanding into electronic cement, fertilisers and solar energy.

Key areas of Pakistan industry are:

STEEL: The country's first steelworks is slowly entering production. Costing \$2.5bn, it is located at Pipri near Karachi and is Russian designed. Subject to government approval it hopes to produce 1.1m tonnes a year by late next year at prices comparable to landed import prices. Russia last month agreed in principle to help the private sector build various downstream projects including a \$180m tinplate plant.

AUTOMOTIVE: Tractor plants are being set up by Fiat with the Hash family; ILM of Yugoslavia with Associated Industries of Lahore; Belarus of Russia with Fecto of Karachi (which is also bidding for downstream steel projects); Ford with the Haroon family's Allied group. These are in addition to an existing Massey Ferguson plant in Lahore, run by Millat Tractors.

Suzuki is setting up a small car and van plant with Fecto and Ford is discussing a truck project with the Haroon family. Hino of Japan is also looking with Fecto and Allied for a truck project. These are in addition to an existing Massey Ferguson plant in Lahore, run by Millat Tractors.

TEXTILES: Cotton textiles are the largest industry but the organised mill sector, which is located all over the country, has been in steep decline. It is now hoping for tax concessions in the June Budget to help fund a revival. The cottage industry has thrived in both cotton textiles and in carpets which has been a rapid growth—though some times troubled-sector. There are over 22,000 carpet manufacturers mostly in the Punjab, and 335 exporters.

CEMENT: The Government hopes Fajal, which has an installed capacity of 4.5m tons a year, will soon be self-sufficient. All plants were nationalised into the State Cement Corporation in 1973 but many private sector ventures are now being set up.

John Elliott profiles two public sector companies whose managing directors have contrasting views on the importance of profits to the success of their businesses

Shaking free of the Government

"MY MOTIVATION is to run a state-owned company that makes enough profits to give me freedom to manage the business without government interference," says Mr Ehsan Ullah Khan, managing director of Millat Tractors, a public sector company in Lahore.

Millat produces Massey-Ferguson tractors and last year almost doubled its pre-tax profits from Rs 27m (\$2.12m) in 1980-81 to Rs 46m in 1981-82. Unlike almost all manufacturing companies, it is operating above capacity, producing 12,000 tractors this year in a factory designed for 10,000.

It was also named in 1980-81 as the top Pakistani company by the Karachi stock exchange where its shares are quoted.

(Approaching 30 per cent of its shares are owned by the general public. Another 50 per cent are held by government-owned financial institutions and 20 per cent by the state-owned Pakistan Automobile Corporation.)

Mr Ehsan Ullah is a former civil servant who is proud of the role the public sector can play. "In Pakistan as in most developing countries, the private sector is dominated by family-owned businesses. Those families always want to build for their own families and so they develop very slowly. I have done here in three years what the private sector would do in 10."

"And I am doing more to develop the private sector than

private sector manufacturers would do by encouraging companies to provide me with components."

Nationalised

Originally called Rana Tractors and Equipment, Millat started in 1966 with a licensing arrangement from Massey-Ferguson of the UK to assemble and manufacture tractors and farm implements. It was nationalised and renamed in 1972 by the Bhutto Government, but has made little progress by the mid-1970s.

In line with government policy, Millat has dramatically increased the proportion of components made in Pakistan for its main product, the MF240 tractor. Measured by cost, the proportion of locally manufactured items has risen from virtually nil in 1978 to over 30 per cent. Another 10 per cent are under development and Mr Ehsan Ullah's ambitious target is 70 per cent within a year or two.

Components are being obtained from Millat's own plant, from other public sector factories and from private sector companies which vary in size from four or five employees (quite often boys aged 12 or over) to 150.

Progress is hampered by local suppliers lacking experience in manufacturing specialist parts and by them making promises that are often not kept. Quality is also often poor.

Foreign manufacturers often resist such local manufacturing plans. Mr Ehsan Ullah believes Massey-Ferguson's recent co-operation has partly stemmed from its reliance on Millat for a substantial slice of its turnover during the Canadian-based group's financial problems.

"I am happy when these multinationals are in trouble because they listen to me and do what I want," he says. "In the past five years Massey would not have done so much to help on local content if they had not been in trouble."

Aiming to boost self-sufficiency

"THE DRIVING force in this company is never making a profit. We were originally created for import substitution and to provide the country with industrial self-reliance, not to make profits," says Mr M. Zahoor Khan, managing director of the government-owned Heavy Mechanical Complex.

HMC is located at Taxila near Islamabad, about 100 miles from Lahore. It is a sister company called Heavy Foundry and Forge. Conceived in the rapid growth years of the 1960s and built with Chinese aid and plant, both factories are huge. They were designed to meet the needs of both East and West Pakistan before the creation of Bangladesh, feeding on the output of the Pipri steelworks which is only now nearing completion 20 years later.

Well equipped

Both factories are well equipped with Chinese machinery of the period which has never been fully utilised. Both have regularly produced poor results. Foundry and Forge, opened in 1978, is still operating at only about 30 per cent of its potential capacity and, with a labour force of 2,000, is making a \$750,000 annual loss.

HMC has been making rapid progress in the past couple of years, having benefited improved its management, labour relations and factory organisation. It was operating at 35 per cent capacity a couple of years ago, but the figure is now over 70 per cent. Turnover is expected to more than double from about \$20m to over \$40m this year, with

profits rising to \$800,000. It is seen as the engine of Pakistan workers to the Middle East and has a labour turnover of 30 per cent annually in its 4,400 workforce.

One of its first products was a Chinese-designed road roller. This was followed by sugar plants developed with Polish help. U.S. companies helped to start building cement plants and it also produces Pakistan-designed industrial boilers.

It also makes overhead travelling cranes and vibrating rollers to Czechoslovakian and Japanese designs. Recently it linked up with Coles Cranes of the UK to make mobile cranes and it hopes to increase the local content of these from 30 to 50 per cent if orders build up.

HMC is now looking for exports, especially to the Middle East, and is also considering home orders for oil rigs and small hydro electric projects. Mr Zahoor's motivation is to beat import competition which is specially strong from Japan, and to launch sufficient new products at appropriate low prices to build up sales and fill his vast factory.

"Our price structure is not designed to look for profits. We are aiming for self-reliance and we want to have a catalytic impact on Pakistan industry, improving the flow of technology transfers into the country. Having done that, it is enough for us to break even without receiving any subsidies from the Government."

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Industry and trade

PAKISTAN V

Trade gap likely to remain large, says Mohammed Aftab

Slow progress on imports cuts

PAKISTAN IMPORTS outweigh exports 2:1. The ratio is unlikely to change in the next few years. Herein lies one of the country's major economic problems.

The demand for plant, machinery, and raw materials projected to grow faster during most of the sixth five year plan. The plan's launching date is July 1, which coincides with fiscal year 1983-84.

Pakistan's imports in 1982-1983 were Rs 53,544m (Rs 1,180.7m) and exports Rs 24,270m, leaving a deficit of Rs 29,274m. The situation worsened in 1981-82 as imports rose to an all-time high of Rs 68,564m while exports slumped to Rs 26,042m, leaving a trade gap of Rs 42,522m.

The latest projections by the Ministry of Commerce show that the gap will be the largest—over Rs 50,000m—when it is likely to touch Rs 50,000m, or even Rs 40,500m. In the six months to December 1982 (which cover the first half of the fiscal year) the imports already are as high as Rs 32,877m, while exports have crawled to only Rs 12,622m—a trade gap of Rs 20,255m.

Modernisation

The normal growth in demand, a major increase in the price of imported crude, and the continued heavy import of edible oil, fertilisers, steel and some capital goods required for balancing and modernisation, have combined to push the import bill up over the last several years. Industrial raw materials continue to be a major category of imports.

Pakistan's long range hopes to narrow the gap are pinned on larger domestic production of a variety of goods to replace imports. Iqbal Haq, Secretary, Ministry of Commerce, says the newly attained self-sufficiency in wheat, sugar, pig iron and coke will be a major factor, if it is sustained, in slashing the import bill.

The current import of 1.7m tonnes of steel a year is planned to be reduced by 1m tonnes a year when the Soviet-built steel mill at Karachi goes into full production by 1985 or 1986. Production of more cement, which is still partly imported, and an

enormous effort in growing edible oils domestically, are other elements which will make Pakistan meet more of its needs internally.

In the first few years, even enlarged production of these key commodities can only sustain the total imports from growing. If self-sufficiency comes it will certainly take many years to achieve. It is quite likely that it will not occur before the end of the Sixth Plan in June 30, 1988.

While progress on reducing imports is slow, an increase in exports is definitely being achieved. Exports in 1979-79 were Rs 14,228m rose to Rs 23,410m in 1979-80, and to Rs 29,270m in 1980-81 before slumping to Rs 26,042m in 1981-82.

Export of primary commodities like raw cotton, raw wool, fish, rice, hides and skins, fruit, vegetables and spices, accounted for 23 to 40 per cent of overall exports during the last three years.

The value of semi-manufactured goods like cotton yarn, tanned leather, molasses and oilseeds varied from 20 to 11 per cent in that period. Manufacturers have accounted for nearly 45 per cent of the overall exports. The key items among manufactures are cotton fabrics, woollen carpets, textiles of man-made fibres and surplus petroleum products like fuel oil and naphtha.

Exports have risen an annual 5.4 per cent in real terms over the past decade, while in current prices the growth was 27.3 per cent.

Business interests and the Government see several problems which beset a significant breakthrough in exports. Rice sales which rose to 1.2m tonnes from a previous low-base of 40,000 tonnes annually, were the prime export in the last three years. Low yields make it difficult for that figure to be increased.

Fuel oil and naphtha, a by-product of imported crude refined in Pakistan, have recently been exported mainly to India. This is no longer likely because many Pakistan industrial units are being forced to switch from natural gas to fuel oil.

A plus point in exports is that leather and textiles now have a

higher value added. Leather-wear leather products and ready-made garments are now a high growth export. Textiles are going to regions other than Western Europe.

Yusuf Zia, President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), says: "Britain and the EEC continue imposing restrictions on our textiles. The other major export—hand-knotted carpets and rugs—is hit by recession."

Incentives

Engineering products, like sugar manufacturing plants, diesel engines, electrical transformers and fans, bicycles, and water coolers are being exported in small quantities to the Middle East and Africa. But the producers say they need incentives from the government in order to compete abroad.

They say they want cheaper credit, more research and development and a larger local market support to attain economies of scale. They see a considerable market potential in the Middle East and Africa and the Far East.

The biggest buyer of Pakistani goods is Japan which takes around 8 per cent of overall exports, according to the Federal Statistics Bureau. Other key buyers are: Saudi Arabia (7.44 per cent), the U.S. (7.28), China (5.88), the UK (5.19), Hong Kong (4.64), West Germany (3.91), Dubai (3.88), Italy (3.35) and Iran (3.18).

China and Iran offer most potential for the future as trading partners. Exports to China were Rs 1,558m in 1981-82. These principally included cotton, made-up textiles, leather, and ships and boats. Chinese exports to Pakistan were Rs 1,881m in the same year, and included chemicals, paper and paper board, iron and steel.

Trade with Iran is helped by geography and the two countries' common religion—Islam. Exports to Iran were Rs 245m in 1980-81 but they declined to Rs 82m in 1981-82. The Government estimates are that with Tehran's recent purchases of wheat and sugar the total for 1982-83 will be Rs 2,000m.

Shipment of Pakistani goods to Iran, which includes food, poultry, fruit and vegetables, and rice, is facing difficulties because the railway track over which these are carried is very old.

Iran also has very limited off-loading facilities, and a cumbersome customs check system, which ties up Pakistani freight trains for weeks and creates transport bottlenecks for Pakistan's domestic movement of goods.

Pakistan exports to India were Rs 962m in 1980-81 and these declined to Rs 601m in 1981-82. Cotton, fuel oil, naphtha and pig iron were the principal exports. Indian exports of Rs 21.5m in 1980-81 to Pakistan mainly consisted of iron ore, farm products and chemicals. They rose to Rs 79m in 1981-82.

In spite of the fact that these two neighbours have slightly less than 20 per cent of the world's population, making a very large market, the trade between them is not likely to expand significantly.

India wishes to export a vast range of its low-priced consumer goods and consumer durables which Pakistan feels will hurt its own industry. At the same time, there is very little scope in the Indian import policy to buy similar goods from Pakistan.

Yusuf Zia, President of FPCCI, recently offered the visiting delegation of the Indian Chamber of Commerce and Industry some advice. He said the two countries should evolve policies which are "conducive to elimination of the colonial pattern of trade, whereby one country assumed the role of supplier of raw materials or semi-finished goods while the other catered for manufactured items only."

All trade with India is done through the State Trading Corp. to keep the flow in check. Ghulam Ishaq Khan, Minister for Finance and Commerce says: "The private sector is allowed to negotiate all kinds of deals with their Indian counterparts, but the letters of credit can only be opened through the State Trading Corp." Officials in Islamabad see no immediate possibility of trade opening up for the private business.

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John Elliott profiles Port Qasim and the industrial town Sialkott

Setting an exports example

LINES of children about 12 years old squat in groups filing the rough surfaces of small metal forgings. Older skilled men hammer a few inches of red-hot metal into pairs of scissors. Nearby, craftsmen shape wooden sports equipment— including a revolutionary book-shaped head for a new-style hockey stick.

The results of this work go almost entirely for export. They make the town of Sialkott, near the foothills of the Himalayas, a major centre for surgical instruments, sports goods and other craft work such as musical instruments and cutlery.

Sialkott's small industries are partially based on local woods and leather and partially on the skills of Muslims who emigrated from Aurangzeb, just across the Indian border, at the time of partition.

Both the main industries were started some 80 to 100 years ago to meet the needs of British residents. The sports goods industry allegedly started when a missionary's tennis racket needed mending. The surgical instruments developed

from a small village craft to meet the needs of the army, especially after supplies from German manufacturers were cut off in the 1915-18 war.

Now the surgical instruments are sold all over the world. But customers rarely know the origin of the goods because the country marking is usually imprinted by wholesalers in countries such as the UK and Germany. Businessmen in Sialkott explain that Pakistan does not have a good name for quality, so it is in their interest not to advertise themselves on their wares.

Commitment

The quality of the goods is a problem, partly because the policies of the Bhutto Government in the 1970s from imports of capital equipment and so prevented the industry buying modern machine tools from abroad.

Other problems facing the industry are the lack of stainless steel and other raw materials in Pakistan as well as a lack of commitment among many of the local businessmen to manufacturing expansion. Inactively,

people in the city are either skilled workers or traders. Mr S. M. Iqbal, chairman of the biggest company, G. T. Surgical which has nearly \$3m export sales a year, is an exception. He has recently invested approaching Rs 1m to set up a new line. He is also about to launch a \$5m joint venture with Manan Engineering of Paris to produce medical dressings, partly funded by a World Bank loan.

A total of 12,000 people are employed in a dozen small to medium sized surgical goods companies. A large number of them take in work like filing rough forgings at home. The exports total about \$25m a year. The sports goods industry is also facing problems caused by increasing competition from countries like Taiwan and India which have moved faster to adopt new technologies such as carbon fibre tennis rackets. All trading for example, which is one of the largest companies and has supplied major inter-

national companies including Dunlop and Sico, has been lost out because it has stuck to traditional crafts. Its turnover is down to \$1.25m from \$2m five years ago and it is now considering installing a \$2m graphite plant.

The city's largest group combines Grays of Cambridge (Pakistan), 66 per cent UK owned, and Anwar Khawaja. It has a turnover of \$15m. It supplies virtually all the hockey sticks, cricket balls, footballs and hand balls it makes to Grays and two other major European companies. Production of footballs, handballs and volleyball balls has more than quadrupled in five years. Mr Anwar Khawaja, who heads the group, says this was only possible because, unlike some other companies, he eschewed the bulk of his production from leather to synthetic materials, so abandoning some Sialkott traditions but securing his business substantial profits.

Casualty of the shipping slump

LOCATED A few miles outside Karachi, Port Qasim is one of the major projects started during the 1970s by the Bhutto Government which are widely regarded as white elephants. Its costs have exceeded far beyond original estimates and it is still not fully operational.

Construction of the port's seven multi-purpose berths were completed last month and all marine and railway facilities are ready for use, but a combination of the world-wide shipping slump and excessively high port charges have kept business to a fraction of the potential.

Incomplete

The berths are only handling about 300,000 tonnes of cargo a year instead of the 1m which should be on the books by now. The maximum potential is 4.5m tonnes.

The port was designed in the 1970s to supplement Pakistan's main docks in the centre of Karachi which were heavily congested. Construction costs have rocketed from \$235m to \$440m, partly because the original specifications were incomplete and partly because of an expensive and unexpected silting problem in the port's main offshore approach channel. However Rear Admiral

Ahmed Wadhwa, who is on secondment from the Pakistan Navy as chairman of the Port Qasim Authority, hopes that business will soon pick up. He hopes soon to be handling rice exports totalling 1.2m tonnes a year, and is also trying to persuade the Government to reorganise the port's financial targets so that charges can be cut nearer to the levels of the main Karachi port. At present Qasim charges four or five times as much as Karachi.

Plans being considered to boost the port's fortunes also include turning three of its berths into a container terminal. This has been resisted by Karachi which wants to develop Pakistan's first container trade in its own docks.

Qasim's main work since 1980, when its approach channels were first ready for use, has involved servicing the nearby Pipri steel works by handling 2.5m tonnes of imported iron ore and coal (which should grow to 3.4m tonnes a year), plus occasional exports of pig-iron and coke.

The port stands on a 12,000-acre site which includes an export processing zone. There is also space for the development of major industries geared to import and export.

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THE PROGRESSIVE BANK

Alain Cass surveys the political scene

Opposition parties in search of a cause

SOMEWHERE IN Karachi's affluent suburbs a small, sombre group of men and women gather in the garden of a large villa under the shade of a colourful marquee. They make speeches. The gathering includes much of what remains of the country's political opposition still at liberty, a Supreme Court judge and, in all probability, a police informer or two.

The meeting has ostensibly been called to appeal for sectarian calm in the wake of several days of bloody riots in the city in which several people died and dozens of buildings were set alight. The city's Muslim Sunni and Shia factions had clashed on the streets and the acrid smell of burnt timber still hangs in the air.

In reality the meeting, which clearly contravenes martial law regulations banning political activity, is a muted protest against President Zia ul-Haq's military regime.

The Karachi riots were the result, not of sectarian tension, but of the growing frustration at army rule in Pakistan and the inevitable consequence of President Zia's accent on Islam, according to speaker after speaker.

Less than five miles away President Zia, impervious but not, one suspects, oblivious to the meeting, is the guest of honour at a dinner given by Pakistani journalists. The episode demonstrates two things about martial law in Pakistan today. The first is that President Zia has learnt a few lessons from his predecessors in the job. He can be ruthless but not indiscriminately so. He may be an autocrat, but he clearly appreciates the need to let off steam.

Discredited

The second is that Pakistan's discredited and, by their own admission, widely discredited political parties are desperately in search of a cause. They, too, have learnt from the past and know that, without an issue, their chances of galvanising effective opposition to martial law are slim.

Some believe the issue may be President Zia's Islamic society.

Women have taken to the streets to protest what they regard as discriminatory laws designed to turn them into second-class citizens. They can

no longer take part in public sporting events and many are incensed at a law which appears to state that one man's word in a court of law is worth that of two women.

The Koranic injunction on which it is based does not, in fact, say that. Officials charged with turning Pakistan's legal system, hitherto based on Macaulay's penal code, into an Islamic one are at pains to point this out and add that the same court which made that ruling has also declared that women can be judges.

Still, in spite of the sensitivity of government officials to western attitudes which are deeply ingrained in the middle classes and the benefits of Islamisation (such as the Zakat and Ushr taxes for distribution to the needy) President Zia's vision of an Islamic state has proved a divisive as well as a uniting force.

Late last year a baby was stoned to death in front of a mosque because it was illegitimate. The first stone was cast by a priest. Another priest has recently been preaching that cricket is un-Islamic because it inflames the lust of women spectators. Cricket is a passion



in Pakistan not to be lightly abused.

And then there were the Shia/Sunni riots. Pakistan's almost exclusively Muslim population is predominantly Sunni although there is a sizeable Shia minority. This is clearly worried about its status and subject to the meddling influence of Iran's Shias.

Other opponents of the regime pin their hopes on the collapse of the economy which is currently being propped up largely by workers' remittances, U.S. aid and Arab money.

The rest hope for a groundswell of opposition to martial law and growing demands for a return to democracy. They talk, vaguely, of "people becoming restless" or the "situation reaching a point of no return," and the armed forces

becoming "weak and isolated."

None of these last assertions are immediately obvious. Few people in Pakistan today like martial law. A large number undoubtedly harbour a resentment against the army and want them back in barracks. A smaller number nurse a deep, personal grievance against President Zia because he was ultimately responsible for sending his predecessor, and the man he overthrew in his 1977 coup, Mr Z. A. Bhutto, to the gallows.

But the country is hardly on the point of open conflict. "The situation is fragile but not unstable" as one western diplomat summed it up. The regime's supporters invariably follow this up with the question: "What is the alternative?" To delve deep into the



Benazir Bhutto: she has inherited much of her father's charisma

Movement for the Restoration of Democracy (MRD), a loose coalition of eight banned political parties, is to see just how tenuous a united opposition to President Zia's rule would be.

The group encompasses the left-wing People's Action Party (PPP), formerly headed by Mr Bhutto and now nominally headed by his widow Begum Nusrat, several middle-of-the-road parties and some of the country's Islamic groups.

Were elections to be held today the PPP would probably win, according to most observers, although there is no way of knowing for certain. Mr Bhutto's daughter, Benazir, who has been under house arrest for two years, has inherited much of her father's charisma. She

also has the vestigial sympathy of his execution which appears to have largely wiped out from the public mind many of the wilder excesses of his last, autocratic years in office.

There are clear divisions of opinion within the MRD. The PPP is widely resented by the other parties. While united in their opposition to martial law, most of the MRD's constituent parts are working to undermine each other quietly. Under certain conditions it is even conceivable that some elements would enter into a coalition with the military.

There is also the fact that Pakistan is not a unitary state. It is composed of four disparate provinces of which by far the most populous and the most important is the Punjab.

Virtually the entire ruling military elite is drawn from there, to the growing resentment of the other provinces, the Sindh, the North West Frontier Province and Baluchistan. To control the Punjab is to control Pakistan. It is often said. But that control is tenuous.

The North West Frontier Province and Baluchistan, which border Afghanistan, are laws unto themselves. Islamabad's writ has only ever run in these wild and remote areas at the point of a gun. The Sindh poses no such problems but because of the importance of its capital, Karachi, as the country's premier industrial city its co-operation would, ultimately, be vital if a political consensus is to be forged to replace naked military rule.

President Zia has tried to start forging that consensus through his appointed Consultative Assembly — a federal council with no legislative powers, Al-

though it includes a small number of politicians previously connected with one of the main political parties, most have refused to participate.

President Zia plans to hold local elections in a few months in which individuals, as opposed to political parties, will be allowed to stand.

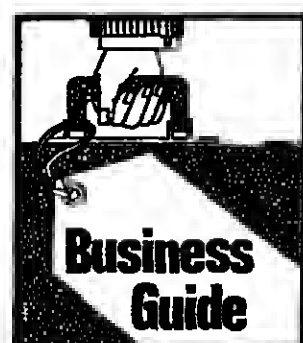
The next major event in Pakistan's murky political calendar is the expected announcement in June of President Zia's "Islamic Constitution."

Ill-suited

Quite what he had in mind is unclear. Two things are, however, certain. The first is that it will not include a return to full democracy which President Zia believes is ill-suited to Pakistan's needs.

The second is that President Zia believes that the army's role, as a predominant political force, must be officially institutionalised.

To those who object the regime's supporters point to the fact that, with the exception of the few years immediately following partition with India in 1947, the army has always been the ultimate arbiter of power in Pakistan. A constitutional amendment, therefore, which gave the army a dominant role would merely be formalising the situation as it has always been. This may be true. But, as General Zia himself admits, the army can only rule effectively in Pakistan with the co-operation of the people. His predecessors in the army discovered this to their cost when they failed to secure that support. Whether he can succeed where they failed is still an open question.



Travel

LIKE citizens of many other countries Britons do not require an entry visa. Visitors arriving from Africa, however, require a valid international health certificate.

Karachi is Pakistan's principal international airport and port. A large number of foreign airlines use it as their mid-way base for Europe - Far East flights. Several flights - Thai, European and Pakistan International Airlines - connect Islamabad - Rawalpindi with Britain, Europe and the Middle East.

Lahore and Peshawar have

flights to and from the Gulf. Lahore is additionally connected with India, by air, road and train.

Customs

Visitors are allowed duty-free imports of tobacco, small quantities of perfume, and souvenirs for their personal use.

Most goods bought in Pakistan do not need an export permit, but receipts of encashment of foreign exchange from banks, hotels and authorised currency dealers need to be retained for possible examination and recovery.

Museums in Karachi and Lahore will clear export of antiquities under the existing rules. Care should be taken buying antiquities, especially Buddha sculptures, most of which are near-perfect imitations.

Yellow cabs are available in major cities. Hotel taxi services, often with English-speaking chauffeurs, are recommended. These cost \$20 to \$25 for an eight-hour day, depending on mileage.

Hotels

Karachi, which is the home of the nation's major industry, business and banking, has the

Intercontinental, the Holiday Inn, and the Sheraton.

Lahore, the second largest city, and the nation's cultural centre since the Mogul and British Raj, has the Hilton and the Intercontinental.

Islamabad has the Holiday Inn, while the Intercontinental is located in downtown Rawalpindi, 12 miles away. Peshawar also has an Intercontinental.

Prices at these hotels are in the \$80 to \$90 range for a night but Karachi has some first-class hotels where accommodation is available for \$40 to \$50.

Currency

Pakistan has a floating exchange rate based on a basket of currencies. Pakistan currency has denominations of 100, 50, 10, 5 and 1. A Rupee is divided into 100 paise. The coins are 1 Rupee, and 50, 25, 10 and 5 paise.

Business hours

Business hours are generally 9 to 5. Friday is the weekly business and government holiday and foreign missions observe Fridays and Saturdays as the weekend. All embassies are located at Islamabad while trade offices and consulates of

major countries operate at Karachi.

Government offices work from 7.30 to 2.30 during April to September and from 8.30 to 3.30 during October to March. There is a brief lunch interval.

The banks open from 9 to 1.00 on Saturday to Wednesday and from 9 to 11.30 on Thursdays.

Weather

Pakistan's summer starts around the middle of April and temperatures on the plain touch 45C in June and July, the hottest season.

Late July to early September is hot and humid because of the monsoons. In the winter months - November to March - light woollens are required in most cities, but somewhat heavier clothing is needed in Islamabad, Rawalpindi and the northern areas where night temperatures are quite low.

Most of the Karakoram, Hindu Kush and Western Himalayan ranges in north and north-west of Pakistan are snowbound during the winter.

Food and drink

Continental, Pakistani and Chinese cuisine is available in most of the five- and four-star

hotels. Karachi is known for its sea food. While the major restaurants are run by these hotels, there are several others outside of them.

Moslems are prohibited from drinking alcohol but alcohol is served in large hotels only to non-Moslem expatriates in their rooms. Visitors are not advised to bring liquor into the country. If they do it will have to be deposited with customs at the point of entry to be retrieved on leaving Pakistan.

Business contacts

Some useful business organisations are:

KARACHI: Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Main Clifton (phone 53-36-80 and 53-46-21); Karachi Chamber of Commerce and Industry, Alwar-e-Tajir Road (phone: 23-48-95 and 22-60-81); Karachi Stock Exchange (phone 23-36-81 and 23-87-61); Director General, Export Promotion Bureau, Ministry of Commerce, Government of Pakistan (phone: 21-38-83); Investment Promotion Bureau, Government of Pakistan, Kandawala Building, M. A. Jinnah Road (phone: 799688); Investment Advisory Centre of Pakistan, Government

of Pakistan, State Life Building No. 3, Dr Ziauddin Ahmed Road (phone: 51-20-86); and Export Processing Zone Authority, Government of Pakistan, Hafiz Centre Shar-e-Faisal (phone: 43-26-44, 43-25-14 and 43-11-34).

The Overseas Investors Chambers of Commerce and Industry is located on Talpur Road (phone: 22-25-37 and 22-25-38).

LONDON: Investment Centre, Embassy of Pakistan, 35, Lowndes Square, London SW1X 9UN (phone: 01-235 2044).

LAHORE: Lahore Chamber of Commerce and Industry, 11, Race Course Road, (PO Box 587 phone: 30-55-38); Director General, Export Promotion Bureau, Government of Pakistan, 56, Tufail Market, Main Shalimar Colony (phone: 41-76-12).

ISLAMABAD: British Embassy (phone: 22131); U.S. Embassy (phones: 24071 and 24072).

RAWALPINDI: Rawalpindi Chamber of Commerce and Industry, 108, Adamji Road (phone: 6-7598).

Banks

The foreign banks operating in Pakistan are: Grindlays, Chartered, Citibank, American

Express, BCCI, Union Bank of India, East, Dutch Asiatic, Hong Kong and Shanghai Banking Corp and Bank of Tokyo.

Pakistani banks are: Habib, National, United, Allied and Muslim Commercial.

Business incentives

Excluding the industrial cities of Karachi, Lahore, Gujranwala, Sialkot, Rawalpindi, Faisalabad, Multan, Rahim Yar Khan, and Hyderabad, most areas receive a 50 to 100 per cent rebate on import duty for machinery and plant. Lesser developed areas receive higher rebates.

There is no import duty on machinery for industries like fertilisers, made-up garments and hosiery, poultry, dairy and meat processing.

The capital goods industry receives substantial duty concessions on raw material imports. Exporting units are totally exempt from duty on raw material imports. Deferred payment of duties on imported machinery is allowed.

Except for the major industrial centres, a five-year tax exemption is available to new units. The first 10 per cent of profits of industrial companies

established from 1975 to 1985 is exempt from tax.

Companies listed on the stock exchange are permitted to set off their current losses of a wholly owned subsidiary company against current year's income. This can be done for three years.

A 35 per cent rebate is allowed to commercial and industrial exporters in tax attributable to income from exported goods.

Machinery and components for industrial use are exempt from sales tax.

Concessional provisions are available for computing profits of mineral industry, including exploration and production of petroleum.

Telephones

Of serious concern to businessmen is the exorbitant "service charge" slapped on to international telephone and telex calls by hotels. These vary from 25 to 40 per cent and come on top of postal charges and 15 per cent government tax. The Government says it is "aware of the problem and is looking into it." Businessmen are advised to use telegraph offices or private lines.



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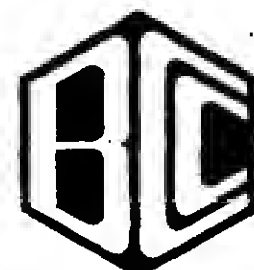
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National Bank of Oman Ltd., (S.A.O.) Muscat, Sultanate of Oman.
Premier Bank Ltd., Accra, Ghana.
KIFCO - Kuwait International Finance Co., S.A.K., Safat, Kuwait.
BCC Finance & Securities Ltd., Bangkok, Thailand.
BCCI Leasing (Malaysia) Sdn Bhd, Kuala Lumpur, Malaysia.

*Pakistan: Branches in Karachi, Lahore, Rawalpindi.